FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Pacifist patriot heads U.S. arms team, Page 4

World news

Lebanon demands pull-out timetable

Lebanon demanded a detailed timetable for the withdrawal of Israeli troops from southern Lebanon as a condition for allowing UN troops to move into the evacuated areas.

This followed Israel's presentation of its three stage withdrawal plan to the Lebanese when military delegations from both countries met at Nakoura.

Gen Amos Gilboa, the head of the Israeli delegation, stressed the need to reach agreement on the future policing of the evacuated areas to prevent chaos in the wake of the withdrawal. Page 4

Reagan 'unrealistic'

President Reagan's inauguration speech provided further evidence that Washington had not yet developed a realistic attitude towards new arms talks with the Soviet Union, Soviet commentators said.

Afghan attack

Guerrillas attacked the main Soviet air base of Bagram in Afghanistan during a snowstorm and destroyed at least 10 helicopters, Western diplomats said.

Gulf tug hit

Iraq appeared to widen its air attacks on Gulf shipping in the Iran-Iraq war by damaging a salvage vessel, the Dutch tug Ribut, for the *first time and by striking in or near* Saudi waters.

U.S. forces 'changes'

An independent group of military experts is to recommend a radical shake-up of the management structure of the U.S. armed forces. Page 4

Egyptians held

Twenty two suspected members of a Trotskyite group were arrested in various parts of Egypt charged with subversion and inciting riots.

French base plan

France plans to build a military base in New Caledonia when the territory becomes independent. The base would be a hub for French strategic operations in the Pacific.

Sidon strike

Barricades of burning tyres blocked roads in Sidon Lebanon as a general strike took effect to protest against a bomb attack in which a Moslem leader was seriously injured. Page 4

Sudan refugee help

The United Nations is ready to help evacuate Ethiopian Jewish refugees from Sudan to other countries provided the governments concerned agree.

Zia names minister

President Mohammad Zia ul-Haq of Pakistan named Lt-Gen Farooq Lodi as his interior minister in the run up to general elections next month, which the main opposition alliance has decided to boycott.

1,000 'vanish' in Peru

More than 1,000 people have disappeared in a remote region of Peru after being seized in a Government crackdown on guerrillas, according to Amnesty International.

Nkomo stops tours

Zimbabwean opposition leader Joshua Nkomo has suspended election campaign tours after demonstrations against him by ruling party supporters.

Greek 'coup' protest

Greece has withdrawn from the Nato Defence College in a row over a classroom *exercise simulating* a coup in Athens, which highlighted the Socialist Government's distrust of Nato.

Business summary

European bourses surge to peaks

LONDON equities soared on strong U.S. buying taking the FT Ordinary index to a record high of 1,024.5, a *rise of 20.6. Gilts firmed.*

Records were also set in Frankfurt, Amsterdam, Paris, Zurich, Milan and *Oslo* while domestic bonds in many centres eased. **Section III.**

DOLLAR was mixed in London, falling to DM 3.1695 (DM 3.1705) and FFr 9.695 (FFr 9.7075) but improving to SwFr 2.67 (SwFr 2.6665) and Y253.95 (Y243.4). On Bank of England figures, the dollar's exchange index fell to 146.1 from 146.5. In New York it closed at DM 3.178, FFr 9.7225, SwFr 2.68 and Y254.20. **Page 39**

STERLING gained just 10 points against the dollar in London to $1.1245. It was also firmer at SwFr 3.0 (SwFr 2.9975) and Y285.5 (Y285.0) but eased to DM 3.5625 (*DM 3.565*) and *FFr 10.9025 (FFr* 10.9175). The pound's exchange rate index was unchanged at 71.3. In New York, it closed at $1.122. **Page 39**

WALL STREET: The Dow Jones industrial index closed 1.87 down at 1,259.50. **Section III.**

TOKYO shares were hit by profit-taking as the Nikkei Dow market average fell 96.40 to 11,868.12 in brisk turnover. **Section III**

GOLD fell $1.75 on the London bullion market to finish at $305.75. It also lost ground in Zurich at $306.50. In New York, the Comex February settlement was $303.90. **Page 38**

CHINA'S foreign trade climbed 22.7 per cent last year to a record $49.9bn, including a 50 per cent rise in Sino-U.S. trade, the Chinese government said. **Page 6**

WEST GERMAN and *Soviet* economic spokesmen attacked the growing curbs on the export of high technology goods to Eastern bloc countries. **Page 3**

U.S. INTERNATIONAL Trade Commission dropped unfair trade charges against Australia, Spain and *Finland*, which have agreed to reduce steel exports to America.

FINANCIAL TIMES, currently printed in London and Frankfurt, is to start printing in the U.S. in six months' time. The move will make the FT the first British national newspaper to be transmitted over*seas daily via satellite.* **Page 4**

INVESTMENT in public telecommunications networks in developing countries needs to be increased to $12bn a year from a recent annual rate of about $8bn if an adequate level of services is to be attained, according to the Independent Commission for Worldwide Telecommunications Development. **Page 4**

HONDA MOTOR of Japan reported a 46 per cent rise in third quarter consolidated net profits to Y32.82bn ($128m), helped by soaring U.S. demand and the yen's weakness against the dollar. **Page 21**

***PECHINEY**, French nationalised al*uminium *group*, reported net earnings of FFr 500m ($51.4m) for 1984, after a FFr 463.2m loss the year before. **Page 20**

AMERICAN EXPRESS, U.S. financial services group, continued its sharp earnings recovery posting *fourth-quarter profits of $169.5m* compared with a $21.9m loss in the 1983 period. **Page 21**

MERCANTILE HOUSE, UK financial services concern, suffered a fall from £30.47m to £27.51m ($30.8m) in taxable profits for the six months to end-October 1984. **Page 25; Lex, Page 20**

ROCKWELL INTERNATIONAL, U.S. aerospace, electronics and vehicle parts group, reported a 52.8 per cent surge in first quarter profits to a record $140.5m. **Page 21**

We apologise for any typographical errors in today's edition arising *from industrial action by members* of the National Graphical Association in the proofreading room in London.

European central banks intervene to curb rise of $

BY PHILIP STEPHENS IN LONDON

EUROPEAN central banks intervened jointly to slow the rise of the *dollar on foreign exchange markets* yesterday in the first such widespread action for several years.

The impact of the banks' dollar *sales*, estimated at a few hundred million dollars, was limited, however, by fresh evidence that the *U.S. economy is growing strongly* while inflation remains subdued.

After falling sharply initially, the U.S. currency strengthened for the rest of the day. The intervention *was enough, however, to stabilise* sterling, which in turn provided the background for another record-breaking surge on the London Stock Exchange.

The concerted action, led by the West German Bundesbank and joined by the Bank of England, followed last week's declaration by the Group of Five major industrial countries that they would act in concert to stem too sharp a rise in the dollar's value.

Among others intervening yesterday were the central banks of France, Italy, Sweden, Austria and several other countries.

The U.S. Federal Reserve, however, was not seen operating in the European market, although European officials were keen to stress that this did not mean that it had reneged on the Group of Five agreement.

No exact figure was put on the level of intervention, but central bankers acknowledged as "broadly correct" market reports that the larger institutions had sold between $50m and $100m, while smaller banks sold rather less.

"It was substantial though not massive," one central banker said, adding that it was intended to demonstrate that the central banks *were serious in their determination* to counter too rapid a climb by the U.S. currency.

The central banks had become "*exasperated*" by the foreign exchange market's obvious scepticism over their intent, which was demonstrated by a sharp move upwards in the dollar's value yesterday morning.

The intervention pushed the dollar from a high of DM 3.1850 down to DM 3.16 in the space of a few minutes, but the U.S. currency then moved up slowly for the rest of the European day.

It closed in London at DM 3.1695, *little changed from Monday's DM* 3.1705, and its trade-weighted index as calculated by the Bank of England rose slightly to 146.1 from 146.

After yesterday morning's sharp fall in Europe, the dollar continued *to recover in late trading in New* York. Foreign exchange dealers said they were not surprised by the news of the official intervention in Europe. It had been expected for some weeks but they said that they had not detected any intervention by the Federal Reserve bank of New York on behalf of the U.S. authorities.

The dollar was trading in New York at DM 3.1780 late yesterday afternoon, up from its London close of DM 3.1695. Dealers noted that the U.S. currency continued to trade in a relatively narrow range of between DM 3.1650 and DM 3.18. Sterling lost a little ground in New York and by the close was trading at $1.1220, compared with a London close of $1.1245.

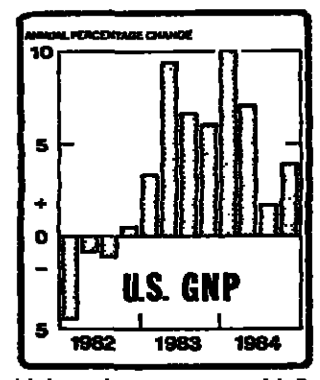
Sterling closed fractionally higher than on Monday at $1.1245, compared with $1.1235, while the sterling index was unchanged at 71.3.

Foreign exchange dealers in Europe said that the central bankers had succeeded in temporarily breaking the dollar's rise.

Money markets, Page 39; Stock markets, Section III

U.S. growth strongest in 33 years

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON



THE U.S. economy grew at a rapid real rate of 6.8 per cent last year, its strongest performance in 33 years, the Commerce Department reported yesterday.

The surprisingly high figure was reached after the department revised its growth estimates for the final quarter *significantly* upwards from last month's preliminary 2.8 per cent to 3.9 per cent at an annual rate.

Inflation, as measured by the broad gross national product (GNP) implicit deflator, was running at only 2.4 per cent in the fourth quarter, the lowest since 1967, the depart*ment said. That brought the rate for* the year as a whole to only 3.7 per cent, just below the 3.8 per cent of 1983.

The figures, the first of President Ronald Reagan's second term, were hailed by a jubilant White House as further vindication of his economic policies and conclusive evidence that the economy had begun to rebound towards the end of the year.

"If this were almost any other country in the world, the economic performance of the U.S. would be termed a miracle," Mr Larry Speakes, the White House spokesman said. "By almost any measure *of the economy, 1984 was a year of* burgeoning progress."

Mr Malcolm Baldrige, the Commerce Secretary, predicted that with lower interest rates and inflation under control, the economy was in a good position to achieve the 4 per cent growth forecast by the Administration for 1985.

In the near future, interest rates should continue to decline, Mr Baldrige said. He conceded that the strength of economy could lead to higher interest rates in the longer term, but only if Congress did not take strong action to reduce the budget deficit.

"To reinforce the staying power of this expansion in the years ahead, our first priority must be a reduction in the federal deficit to help hold down inflation and bring down interest rates further," he said.

Continued on Page 20

Britain's striking miners caught in a pincer

By John Lloyd, Philip Bassett and Kevin Brown in London

LEADERS of Britain's National Union of Mineworkers (NUM) meet tomorrow caught in a pincer move*ment which threatens to squeeze* the life out of their 47-week-old strike.

On one side is the refusal of the National Coal Board (NCB), with the Conservative Government behind it, to negotiate with the union unless it indicates a willingness to discuss the board's right to close uneconomic pits – although it was being stressed yesterday that this need not be conceded in advance of *talks*.

On the other, there is the pressure of the accelerating "drift back" to work – another 642 returned yesterday – and the impending split in the union. It seems likely that the Nottinghamshire area – Britain's second biggest coalfield, where most miners have continued to work throughout the dispute – will be expelled from the NUM.

Yet more pressure on the union is the difficulty of maintaining support for the strike – limited though it has been – from other unions. British Rail hopes that leaders of its two manual unions are on the *point of partly lifting the "blacking"* of some freight.

Leaders of the National Union of Railwaymen and the drivers' union Aslef agreed yesterday to study British Rail's proposals over what both sides of the industry agreed to be "critical problems facing the rail freight business arising from the NUM strike."

The unions and management will meet again next week. British Rail hopes that the unions will allow iron ore and domestic coal wagons to be moved, although it is likely that the ban on the movement of coal by rail will be maintained.

Even Mr Arthur Scargill, president of the NUM, cannot escape from these pressures in one bound. A decision must be made: whether to refuse to concede, or to seek as good a settlement as possible, recognising that it will be very largely on the NCB's terms.

The NCB is pinning great hopes on tomorrow's executive meeting, looking to it to force the national leaders to moderate their stance and give a clear sign – Mr David Hunt, the Coal Minister, said yesterday this could be "quite informal" – that it will negotiate over the closure of loss-making pits. But Mr Hunt stressed that the "indication" did not have to amount to a concession on the issue in advance of talks.

Continued on Page 20

London plans three-year public-spending squeeze

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

THE BRITISH Government yesterday announced the details of a major squeeze on public spending during the next three financial years, in order to make way for tax cuts.

Its public expenditure white paper (policy document) sets out plans for tight spending control up to 1987-88 alongside a detailed estimate of where the plans went wrong this year.

For the current year (1984-85) the White Paper estimates that spending will be almost £2bn over the top of the £126.3bn ($142bn) target laid down a year ago. This overshoot is only partly a result of the cost of the miners' strike, estimated at £1.5bn up to Christmas.

The Government started the year with a contingency reserve of £2¾bn which was more than exhausted by excess spending, mainly on the social security and local authority accounts.

Officials assumed when they were doing their calculations that the miners' strike would be over by Christmas. The eventual overshoot will thus be even greater.

Over the next three years, the Treasury intends to try to claw back some of the ground lost this year. Spending is set to rise to £141.5bn by *1987-88*, which represents no real increase after the assumed inflation rate is taken into account.

Local governments have been told to cut their budgets by 7 per cent in real terms this year and by about 10 per cent over the whole period. Capital spending, excluding defence, will be slashed by 24 per cent in real terms over the four years. There will be further cuts in the real pay and numbers of civil servants.

All of the main spending programmes will be subject to a fierce squeeze, which suggests that many extremely difficult political decisions have yet to be taken or announced.

Defence spending (£18bn next year) is to be severely curbed after next year. This follows a steady run of increases under the Conservative Government. An effort is to be made to *hold* the growth in *social* security spending to about 5 per cent a year after this year's 7½ per cent rise.

Central government health spending (£37bn) will be allowed only to inch ahead of inflation with an annual real rise of about 1 per cent a year, the bare minimum needed to keep pace with population changes.

Continued on Page 20

White paper details and analysis, Page 8; Editorial comment, Page 18; Lex, Page 20

BP will liquidate Seltrust Holdings

BY JOHN McILWRAITH IN PERTH AND IAN HARGREAVES IN LONDON

BRITISH PETROLEUM is to allow Seltrust Holdings, the troubled Australian minerals company, to go into liquidation following rejection by Seltrust's minority shareholders of the oil company's plans for Seltrust's future.

During an emotional shareholders' meeting in Perth, opposition to BP's plan was led by Mr Laurie Cook, who was managing director of Selection Trust, the original majority shareholder of Seltrust Holdings, before BP bought Selection Trust in 1980.

Mr Cook told shareholders that BP's proposals would "carry standards back to the dark ages of corporate manipulation of minorities." The Seltrust affair would leave a damning stain on BP's reputation, he said.

With the support of Potts West Trumbull, a leading Melbourne stockbroker, a group of minority shareholders successfully voted down BP's plan to split Seltrust into a group of assets to be taken into 100 per cent BP ownership and a further group to be named Paragon, whose shares were to be offered to Seltrust's minority shareholders. Minority shareholders also had an alternative cash offer of 54 cents per *Seltrust share*.

The vote showed 12,776,179 shares in favour of the deal, however, and 10,533,080 against. Because BP needed a 75 per cent favourable vote to proceed, the proposal fell.

It was clear from voting patterns that the proposal had been defeated by a group of institutional sharehol-

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Cook leads anti-BP move, Page 22

Hutchison in HK Electric deal

BY DAVID DODWELL IN HONG KONG

HUTCHISON WHAMPOA, the Hong Kong-based trading company controlled by Mr Li Kashing, yesterday mounted the territory's largest corporate acquisition when it paid HK$2.9bn ($372.3m) to the debt-troubled Hongkong Land group for its controlling 33.8 per cent stake in Hongkong Electric.

The deal will relieve the crippling debt-related problems faced by Hongkong Land since the collapse of the territory's property market two years ago.

It also allows cash-rich Hutchison to make an important strategic investment when share prices on Hong Kong's stock markets are beginning to move strongly ahead, *and when falling interest rates* make it less attractive to hold money in a bank.

Hongkong Electric, the smaller of the territory's two power generating companies supplying electricity to Hong Kong island, is seen as a sound utility company which has a track record of paying generous div*idends*.

Hutchison has agreed to pay HK$6.40 per share for Hong Kong Land's 454m Hongkong Electric shares – reflecting an 11 per cent discount from yesterday's opening *price of HK$7.20, and an even deeper* discount from its suspension price of HK$7.80.

Hongkong Land bought its stake *as a long-term investment in May* 1982 at a price equivalent to HK$5.95 per share. Hongkong Land has kept its Electric stake in its books at a value of *HK$6.87* per share, and so it will record an extraordinary loss on the deal of HK$219m. The deal will be completed on February 23 with a single cash payment.

Hongkong Land's debts at the end of 1984 were understood to be HK$14.7bn. Proceeds from the share sale will be used to reduce debt, and will trim debt service costs by about HK$300m on an annualised basis.

Mr Simon Keswick, chairman of Hongkong Land, said yesterday: "The company is no longer under siege."

Hongkong Land is negotiating *the sale of one of its main hotels in* Hong Kong, the Excelsior, and completion of the HK Electric deal allows it to sell at a price of its own choosing – understood to be not less than HK$800m.

*Yesterday's deal also takes pres*sure off Hongkong Land to fill Exchange Square, its prime new commercial development in Hong Kong's central business district.

Mr Li Kashing has for the past two years shown a keen interest in buying Hongkong Land's stake in *Electric. Hutchison Whampoa*, which he controls through his holding company Cheung Kong, has provided an ideal vehicle for the purchase.

The majority of Hutchison's HK$1.5bn in cash balances will be used for the deal. A loan for the remainder was arranged with the *Hongkong and Shanghai Banking* Corporation within half an hour of the deal being completed. Mr Li predicted that the debt would be repaid within two years.

Considerable market interest was focused on the fact that Hongkong Electric holds a 35 per cent stake in International City Holdings, a local property group in which Cheung Kong also has a 32 per cent holding.

Hong Kong stock market, Page 29

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EUROPEAN NEWS

EIB borrowing helps expand use of Ecu

BY PAUL CHEESERIGHT IN BRUSSELS

LENDING BY the European Investment Bank rose by 16 per cent last year, while borrowing on the international markets increased 20.5 per cent over 1983, emphasising the growth of the European Community's main financial institution.

At the same time, bank figures, published yesterday, showed that is borrowing policies had played a signficant role in expanding the use of the Ecu, the EEC's currency unit.

The bank, established to provide long-term investment funding throughout the EEC and the developing countries with which the EEC has special links, lent the equivalent of Ecu 6.9bn (£4.2bn), compared with Ecu 5.9bn in 1983.

Borrowing, including for the first time a floating rate note, rose to Ecu 4.36bn from Ecu 3.6bn. In its activities on the capital markets, the bank continued to rely heavily on the dollar, which took up 28.8 per cent of all funds raised, 5 percentage points more than in 1983.

But there was a dramatic increase in the use of the Ecu. Over Ecu 550m was raised on the markets, making up 12.7 per cent of the bank's borrowing neds last year, against 6.5 per cent in 1983. This compared with 15 per cent of borrowing denominated in D-Marks.

The currencies the bank raises on the markets reflect the neds of its clients, but in recent years there has been a tendency to try to even out difficulties caused through foreign exchange fluctuations by lending in an assortment of currencies.

By far the greater amount of leanding has continued to go into the EEC, largely for regional development, but increasingly to industry and the financing of energy projects designed to reduce dependence on imported oil.

The bank's main client is still Italy, which last year took Ecu 3bn, or 15 per cent more than in 1983. But lending to France and Britain increased by more than a third, to Ecu 1.2bn and Ecu 932m respectively.

Lending ouside the EEC absorbed Ecu 708.3m of bank funds, compared with Ecu 480.3m in 1983. In preparation for EEC membership, Spain and Portugal took Ecu 220m.

Softely, softly, Page 31

OECD urges Belgium to continue spending cuts

BELGIUM should press on with government spending cuts and wage restraint to aid economic recovery, but unemployment could start rising again this year, the Organisation for Economic Co-operation and Development (OECD) said in an annual economic report, Reuter reports from Paris.

Fewer wages should be indexed against price levels and some, such as those of young people in their first jobs, removed from indexation altogether, the OECD said.

But even with wages and spending restraint, the economy will not grow fast enough to stop unemployment rising to 13½ to 14 per cent of the workforce this year, after it had stabilised at around 13½ per cent in 1984, it said.

The OECD also emphasised the need to continue cuts in the public sector deficit, which remains high at 11 per cent of gross national product (GNP). The public sector's debt is one of the highest of the OECD's 24 members at more than 100 per cent of GNP. The Government should cut spending rather than taxes.

This would restrain domestic demand and move the balance of payments into a $900m current account surplus from last year's $100m deficit, while inflation would be cut by 1½ percentage points to 5 per cent. Reuter

Hungarians to pay more for food, fuel

By David Buchan in London

THE HUNGARIAN Government has started introducing price rises on a range of foodstuffs, energy and transport this week that will push up the consumer price index by 2.6 per cent.

The price rises, effected by cuts in government price subsidies, include a 10 per cent average increase on various foods, a 25 per cent increase in the price of domestic coal, oil and gas, and 55 to 100 per cent increases in the cost of local transport. The cost of living is expected to rise by 7 per cent over the whole of 1985, with price increases in cars and uncontrolled "free market" goods, later in the year, making up the rest of the increase.

The price increases, or cuts in government price subsidies, mark a continuation of the Government's strategy aimed at restraining public spending and domestic consumption and giving priority to boosting exports in order to service the country's high level of debt.

With nominal wages also likely to rise only 7 per cent, living standards are not expected to rise this year.

Hungarians have become more inured to price rises than other East Europeans, partly because they see the trade-off in terms of more plentiful consumer supplies than elsewhere in the region. The Budapest authorities may face criticism, particularly from trade unions, about the price rises at the March congress of the ruling Communist Party.

Mobility urged by bank chief

By Laura Raun in Amsterdam

THE PRESIDENT of the Dutch central bank, Mr Wim Duisenberg, has added his voice to the growing clamour for practical solutions to the problem of high unemployment that has plagued the Netherlands for years.

The head of the Nederlandsche Bank called on Tuesday for continued wage moderation, greater labour mobility and a pruning of the extensive social security system as means of reducing the number of jobless.

Deutsche looks down from a modest height

BY JONATHAN CARR IN FRANKFURT

DEUTSCHE BANK is a master in the art of ostentatious modesty. Its executives strenuously avoid saying out loud that the Deutsche is easily West Germany's biggest and most profitable bank. After all, they seem mutely to suggest, everyone who is anyone already knows that.

So it is with hte Deutsche's imposing new headquarters, being formally opened today with speeches, celebration drinks and a concert by the brass section of the Berlin Philharmonic Orchestra. (Not of course the whole orchestra under its maestro Herbert von Karajan. That might smack of exaggeration!)

The building's twin towers are impressive enough. Their 51,000 square metres of silver-blue reflecting glass hold up a mirror to the centre of Frankfurt—its park, its newly restored "Old Opera" building and comfortingly for the Deutsche, its myriads of scurrying bank customers.

But with a height of 155 metres, the towers are not quite the tallest in the city. That honour belongs to the nearby silver peak of the Dresdner Bank (166 metres). "We feel it would be quite absurd to build just to be a few centimetres above others," said a senior Deutsche man airily. "Besides, if we were to add the height of our two towers together . . ."

Characteristically, if Deutsche executive are inclined to show pride over anything it is on keeping costs down. Although the new building is a bit bigger than first planned, the bill for construction has been held to the DM 434m (£122m) estimated as work was beginning six years ago.

The total cost including fittings, decorations and the Futher, the new headquarters like, amounts to DM 587m (£165m). But then, for a bank with a group operating profit last year alone of at least DM 4bn (a figure not formally made public), that cost will hardly cause sleepless nights.

There are a few flaws. The Deutsche has done well to devote each of its 40 floors to a different modern artist. But in the giant greenhouse?like lobby it has hung a dramatic, shining construction by a New York sculptor. Unwary visitors who advance gaping upwards may amble straight into the decorative pond which the Deutsche has had built into the floor.

Futher, the new headquarters has sound-deadening walls and floors which surely delight most of the 1,750 employees who have moved in from older buildings nearby. But those who thrill to the anguished cries of foreign exchange dealers may well be disappointed by the absence of hubbub at the new Deutsche.

At least one man evidently with no doubts about the new glass palace is Dr Hermann Abs, the doyen of West German bankers who built up the Deutsche again after the war. No sooner was an office available on one of the top floors than Dr Abs, now honorary president of the Deutsche, was out of his old rooms and up the tower like a shot. But then, he was always a step ahead of his colleagues.

Turkey and IMF hold stand-by talks

By David Barchard in Ankara

TURKEY AND the IMF have started talks here to see if a new stand-by arrangement is needed to replace the one-year agreement which expires in April. Turkey received SDr 225m (£195m) under the agreement.

There has been speculation that both sides might prefer a looser long-term arrangement, as Turkey is known to be in good standing with the Fund and assistance under previous arrangements makes relatively little difference to its overall balance of payments position.

The current round of talks is expected to centre on the 1985 foreign trade regime, the recently-introduced VAT and its effects on Turkey's inflation, as well as economic targets for this year. The IMF is thought to have urged Turkey to raise its import target to $11.4bn from $11bn.

The chances that Turkey will seek facilities under a stand-by arrangement seem to have been increased by a disappointing current account performance last year. The central bank is currently seeking a $500m medium term "hybrid" loan for balance of payments financing, and is holding talks with 17 banks from the U.S., West Germany, France, and the Arab countries. It says an agreement may be completed next month.

CYPRUS RIVALS LEAVE DOOR OPEN TO NEGOTIATIONS

UN officials set sights on second meeting

BY ANDRIANA IERODIACONOU IN NEW YORK

REFLECTING ON Sunday's breakdown of negotiations on the Cyprus problem, UN officials believe that the "bus rule" of diplomacy may apply to the meeting between Cypriot President Spyros Kyprianou and the leader of the Turkish Community on the island, Mr Rauf Denktash—another one may be along shortly.

Professing neither optimism nor pessimism, the UN Secretary General, Sr Javier Perez de Cuellar and his officials are banking on continuing U.S. pressure to bring about a resumption of negotiations by the end of February.

The U.S. task is to ensure that, through pressure on Turkey, Mr Denktash is brought back to the table and that Greek Cypriot expectations of the details of a draft settlement are in line with what Archbishop Makarios once called "the attainable as opposed to the desirable."

In the meantime, Sr Perez de Cuellar will again seek to devise a mutually acceptable draft settlement agreement which might be subsequently completed by working groups thrashing out the details of a bi-zonal federal Cyprus state under joint Greek-Turkish Cypriot rule.

This will require further negotiation between the Greeks and Turks before the next meeting to fill in some of the

Sr Perez de Cuellar: filling in the "blanks"

"blanks" which President Kyprianou refuses to leave to working groups.

"What is certain is that the next meeting must be very carefully choreographed. All possible loose ends must be pinned down to avoid a repeat of last week's experience," one Secretariat official said.

The Denktash - Kyprianou summit collapsed after the Turkish Cypriot side insisted that it had been called merely to sign a preliminary draft agreement drawn up last November, while the Greek Cypriots claimed that they had been told there would be more negotiations in New York on details of the draft before signature.

It might all just be possible. Observers noted after the collapse of last week's meeting that both sides have kept doors for a future effort carefully open. Mr Denktash said he saw no point in fixing a February date for returning—but he has also said that he believes there will, and should, be more meetings with Mr Kyprianou "now the ice is broken."

Mr Kyprianou, for his part, has said that he cannot sign the November draft for a federal settlement. But he has been careful to add that he sets "no terms" for accepting Sr Perez de Cuellar's call to a meeting next month.

The reasons for Mr Denktash's flexibility are to be found in Ankara. Senior Turkish officials have insisted for months that Turkey wants to settle the Cyprus problem because it aggravates relations with Western Europe and the U.S.

Mr Denktash is known to have made the territorial and constitutional concessions which broke through Greek Cypriot reservations on agreeing to a summit last November, and to have come to New York on the strong urging of Ankara, in turn urged by Washington and London.

Although the Turkish Foreign Ministry issued a strong statement, condemning the Greek Cypriots for the failure of the present talks, it was clear from Mr Denktash's response in New York that he feels by no means certain that Ankara will let the matter drop.

Mr Kyprianou's flexibility lies in the strong Greek Cypriot feeling that time is on the side of the Turkish Cypriots. This has become uncomfortably keen since Mr Denktash declared the occupied north of the island an independent state in November, 1983.

Both Mr Kyprianou and Mr Denktash left New York, this week, saying they regretted the failure of their summit. The best way to prove that this regret is genuine would be for the two to return for a second meeting within the next few weeks. Both sides might be anxious to prove their sincerity. According to UN officials, one of the strongest motive forces affecting both the Greek and Turkish Cypriots is their desire to avoid blame for the failure of Sr Perez de Cuellar's peace efforts.

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RESOURCES REVIEW

French nuclear fuel company's battle for supremacy

By David Marsh in Paris and David Fishlock, Science Editor in London

COGEMA, THE French state-owned nuclear fuel company, is laying long-range plans to establish international leadership in recycling plutonium for burning in nuclear plants powered by light water reactors (LWRs).

Cogema would like to substitute plutonium—produced as a by product of normal operailon of thermal nuclear reactors—for lightly enriched uranium in French N-plants from around 1987-88 onwards.

Electricite de France is showing some reticence

Its plans have, however, met some reluctance at Electricite de France, the state utility, which says it has made no decision yet on using mixed oxide (MOX) fuel assemblies (made of a mixture of uranium and plutonium oxides) in its battery of N-plants.

Electric utilities in West Germany, Belgium, Switzerland and Japan—which are all among Cogema's existing customers for natural uranium supplies, enrichment and reprocessing—are also exploring the idea of using MOX fuel over the next few years.

But they are waiting for a lead from EdF. The utility's managing director, M Jean Guilhamon, said earlier this month that EdF was studying with Cogema MOX possibilities as a way of reducing fuel costs, with a decision expected during 1985.

EdF is showing reticence partly because it has no shortage of enriched uranium fuel stocks. Last year it continued, for the second year running, to sell uranium fuel elements—some sold directly to U.S. utilities—to bring down its stocks from their previously high levels.

M Guilhamon said the stocks which were sold would not have been used for at least five years. one of the reasons for the overstocking was that EdF concluded precautionary enrichment contracts with the U.S. and Soviet Union before the completion of Cogema's Eurodif enrichment plant in 1982.

EdF is scheduled to receive significant quantities of plutonium from Cogema over the next few years as a result of present and prospective reprocessing of fuel at the La Hague complex on the Cherbourg peninsula.

But EdF is keeping open the option of possibly transferring some of its future reprocessing rights to foreign utilities. Some of these have more pressing reprocessing needs linked to legal conditions in their own countries over the treatment of nuclear waste.

If EdF arranged such transfers—which have also been carried out recently by Sweden—it would reduce the amount of plutonium accruing in coming years, and might reject the idea altogether of using MOX fuel.

Cogema already has a pilot MOX fuel assembly operation at the nuclear centre of Cadarache in the south of France. This makes the plutonium-uranium assemblies (containing 15 per cent plutonium) for France's Phenix FBR (which has now been in operation for 10 years) and for Superphenix, now practically completed at its site at Creys Malville east of Lyons.

Towards the end of last year, Cogma launched the MOX project by forming a joint venture, named Commox, with Belgonucleaire, the Belgian nuclear group, to produce and commercialise MOX fuels.

MOX capacity at Cadarache, soon to be boosted to 10 tonnes per year, and at Belgonucleaire's Dessel plant (presently 15 tonnes), is planned to be built up significantly by the early 1990s with the construction of a new 100 tonnes a year MOX plant at the nuclear complex of Marcoule near Avignon.

Cogema's plans call for incorporation of plutonium at levels of around 4 to 6 per cent of uranium content of fuel rods. The substitution of enriched uranium (3.25 per cent U-235 normally used in French pressurised water reactors) will clearly have a slight adverse impact on Cogema's enrichment operations. The Eurodif enrichment plant at Tricastin in the Rhone valley in which France has a 51.5 per cent stake is already operating at only 50 per cent of its annual capacity of 10.8m separative work units per year—enough for the annual needs of around 90 900 Mw reactors.

But Cogema is interested above all in "mopping up" surplus quatnities of which would otherwise accumulate in coming years as a result of a rapid build-up of reprocessing and lower-than-expected use of plutonium in FBRs. Superphenix will not now start industrial operation until 1986, and plans for FBRs around the world have been delayed by several years.

Cogema is planning to use as the uranium consituent in MOX assemblies either depleted uranium (about 0.3 per cent U-235) from enrichment plants or recycled uranium (about 0.9 per cent U-235) accruing from reprocessing. This effectively allows utilities the chance to forgo the initial stages of the nuclear fuel cycle.

Cogema officials believe that Electricité de France, the state utility, could be using 30 to 40 tonnes per year of MOX fuel, containing roughly 2 tonnes of plutonium, by the early 1990s.

With growing use by international customers, consumption could build up by 1995 to 200 to 300 tonnes a year of MOX, containing about 15 tonnes of plutonium.

Cogema suggests that if 15 EdF reactors eventually switched to MOX for one third of their fuel assemblies, this would be sufficient to absorb the annual plutonium output from the entire network of French PWRs, scheduled to total around 50 by 1990. This is on the assumption that one third of overall fuel rods (totalling 72 tonnes of uranium for 900 Mw plants, and 100 tonnes for 1,300 Mw) are removed for reprocessing each year, producing on average 1 per cent of plutonium after separation.

Cogema's reprocessing plant at La Hague handled 255 tonnes of LWR fuel in 1984 from both boiling and pressurised water reactors. This took its cumulative total of reprocessed LWR fuel to more than 1,000 tonnes since the plant was built during the 1960s. La Hague last year also reprocessed 185 tonnes of natural uranium Magnox-type fuel from EdF's older gas-graphite reactors (reprocessing of which is now being shifted progressively to the civil-military Marcoule reprocessing complex) as well as 2 tonnes of plutonium-uranium fuel from Phenix.

But La Hague capacity, both for EdF and foreign utilities, will grow to around 1,600 to 1,700 tonnes a year in the early-1990s as a result of a FFr 25bn investment programme now under way.

A clear indication of awakening interest in the electricity supply industry in the advantages of recycling plutonium through present day (thermal) reactors, instead of storing it as fuel for future (fast) reactors, is the fact that the Uranium Institute introduced the subject for the first time at its annual conference in September.

The Institute is a London-based think-tank composed of users and suppliers of uranium as nuclear fuel. Of several papers which explored the changing circumstances of the nuclear industry, the most important was that of Dr Klaus Messer, board member of RWE, the biggest West German electricity company, who has specific responsibility for its fuel policy.

As Dr Messer sees it, arrival of the commercial fast reactor has receded from this decade to early next century. Plutonium recovered by reprocessing used fuel can either continue to be stored in readiness for the fast reactor—about 5 tonnes to start up each big reactor—or can be recycled.

Long-term storage "bears strong inconviences," Dr Messer believes. Not only must it be stored under high security, it will also need to be purified—reprocessed again—to remove the build-up of americium and higher plutonium isotopes which accumulate with time.

He puts the cost of 10 years' storage and the extra reprocessing at $140,000-$275,000 per kilogram.

By no means all the plutonium created by transmutation of uranium in the reactor will be available for recycling. European and Japanese plans for prototype and demonstration fast reactors, including France's Superphenix which is nearing completion, will absorb about half the plutonium recovered from thermal reactors over the next five years.

Even in 1995, pre-commercial fast reactor swill still be taking about one third of an expanding plutonium output. By the year 2000, it will be down to almost one fifth. The remainder is what Dr Messer calls "free plutonium."

Even if all this free plutonium, together with the unused uranium, recovered from used nuclear fuel was recycled, it would not make dramatic inroads into the electricity industry's need for nuclear fuel.

Dr Messer believes that plutonium recycling already affords a small cost advantage over plutonium storage, and that this will improve. He puts the price for mixed-oxide fuel assemblies at $560-1,110 per kg, the higher figure being based on demonstration-scale manufacturer and the lower one on "a realistic cost extrapolation for a commercial plant" making 100 tonnes of fuel a year (see accompanying table).

COMPARATIVE COSTS OF NUCLEAR FUEL CYCLES

Fuel	Costs (DM/kg) Fuel assembly	Reprocessing*	Direct disposal†	Plutonium credit	Uranium credit	Fuel cycle
Fresh uranium	3,850	3,100	—	535	165	6,250
Fresh uranium	3,850	—	1,500	—	—	5,350
Reprocessed U	2,765	—	1,500	—	—	4,265
Mixed-oxide	1,550	3,200	—	600	—	4,150
Mixed oxide (demo-scale)	3,050	3,200	—	600	—	5,650

Notes: * Including transport; waste conditioning, storage and disposal. † Including transport; interim storage.

British Nuclear Fuels, the alternative source of commercial reprocessing capacity to Cogema, has not yet made up its mind whether to get into the business of making mixed-oxide fuels for present day reactors. It has one incentive, in the form of the world's biggest stockpile of (civil) plutonium, an estimated 17 tonnes at Sellafield. This has come from Britain's Magnox reactors and is not included in the accompanying curves of light water reactor plutonium.

BNFL said last week it was "actively considering" the commercial possibilities of recycling this stockpile. It has two opportunities to consider. One is to compete with Cogema in offering fuels enriched with plutonium for light water reactors in Europe and Japan particularly.

The other is to recycle plutonium through Britain's advanced gas-cooled reactors.

In each case, the decision is seen as a commercial one, involving a minimum of research and development. But it is one that involves all three business sectors of BNFL—reprocessing and uranium enrichment, as well as the fabrication of fuel.

One factor that could reduce the output of plutonium in the future is the possibility of longer-lived fuels, which consume an appreciable amount of their own plutonium before they need to be removed as used fuel.

British Nuclear Fuels 'actively considering' possibilities

In a recent interview, Dr Peter Tempus, deputy director-general of the International Atomic Energy Agency in Vienna, and head of its safeguards activities against nuclear proliferation, said he had come to the view that it was safer to have plutonium inside a reactor than in a store. He is confident that his inspectors can adequately safeguard fuel fabrication facilities against illicit diversion of plutonium into weapons, even though it takes ten times the manpower of a reactor. He has at least 40 such factories under safeguards throughout the world.

As Dr Tempus says of plutonium: "Sooner or later the world must learn to handle this material." He sees no real problem. The military in such countries as Britain and France already handle it by the tonne, he says.

Cruise deployment doubts continue

Belgium: Flemish about-turn breaks consensus

BY PAUL CHEESERIGHT IN BRUSSELS

MR WILFRIED MARTENS, the Prime Minister of Belgium, is engaged in a delicate political manoeuvre: he is using international pressures to shore up an eroded base in his own Christian Democrat party.

If he is successful, the result will be the deployment of some cruise missiles in Belgium later this year. If he is unsuccessful, his coalition government will be thrown into crisis.

The pressures are being used in two ways. The position of the Government, confirmed in Parliament on Monday, is that consultations will be held with Nato allies, and a decision made about the timetable for the deployment of 48 cruise missiles at Florennes, South of Brussels, by the end of March.

The Belgian Government knows perfectly well what the result of those consultations will be. Nato powers like the UK, Germany and Italy, already deploying cruise, will tell the Belgians to get on with it, just as the U.S. did last week.

Mr Martens will then be in a position to go to his party chiefs and tell them that Belgium's position in Nato, vital for a small country, and providing the political underpinning for widespread international trade links, is dependent on rapid deployment of cruise.

With that argument under his belt, the Prime Minister will then be able to bring his second use of pressure to bear to change the tenor of the domestic, political argument.

Opinion polls have shown that a majority in Belgium is against the immediate deployment of cruise, but it is one thing for a Belgian to be against cruise, and quite another to be against Nato. Mr Martens will seek to widen the argument into a vote of confidence in Nato and, hence, he will say, in Belgium's own security.

The Belgian Government position since 1979 on the missile question has been that it would stand foursqaure with Nato. It has never gone so far as saying that cruise would automatically be deployed. That would need a definite political decision, and Mr Martens has now said the decision will be made by the end of March.

When Nato adopted the "twin track" decision, under which arms talks with the Soviet Union would be pursued, but if they failed, cruise missiles would be deployed from 1983, Belgium added a rider. It wanted no deployment on Belgian territory until it had conducted its own evaluation of the peace talks. This could lead to no deployment, partial deployment or full deployment.

Reviews have been taking place every six months without a decision, but the review planned for last December was put off because the U.S. and the Soviet Union said they would meet again in Geneva to try and resume arms talks, and because of Mr Martens's Washington visit.

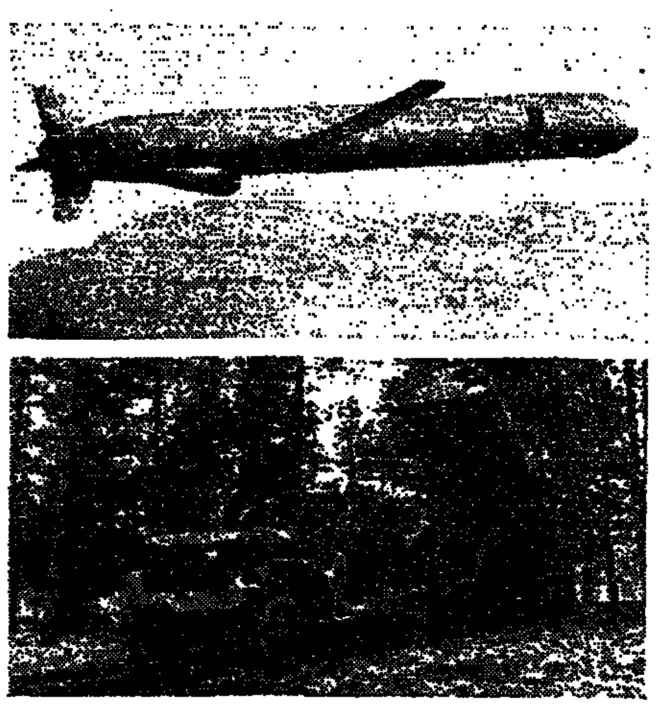
The visit shifted the emphasis from review to decision-making, partly because preparations at Florennes have reached the stage when some missiles could be installed from March. The U.S. would clearly like the military timetable followed.

But since the twin track decision was taken, the domestic political situation has changed. Owing to Belgium's language divide between Flemish and French, there are six parties involved.

The Flemish Christian Democrats are the biggest single party in Parliament; their French - speaking counterparts are called the Social Christians. Both the Liberals and the Socialists have wings on both sides of the divide which went along with the twin track decision.

The Government in 1979 included the Christian Democrats, the Socal Christians and both Socialist groups. But since then the Socialists have moved into Opposition and the Liberals have joined a coalition government with Mr Martens's Christian Democrats.

The Socialists have gone down divergent paths. The French-speaking Socialists have stayed with the twin track decision, but the Flemish Socialists have done well in elections on a platform of outright opposition to cruise deployment. This has put pressure on the Christian Democrats, whose own electoral standing in Flanders has slipped. Party chiefs have been advocating delay on cruise to win back ground.



U.S. cruise missile in flight and, below, a four-missile launcher

The Liberals have been pushing for rapid deployment, opening up arguments within the coalition, and the Social Christians are also in favour of taking cruise. To keep the coalition intact for an election later this year, Mr Martens therefore needs to bring the Christian Democrats into line.

Elements in his party want the delay to give the arms talks a chance to succeed, but the Christian Democrats do not question the need for Nato solidarity. The Liberals, on the other hand, are saying that they are prepared to accept delay on cruise deployment if the rest of Nato agrees.

The issue in the ruling parties is not whether missiles should be deployed, but when. But they are anxious about the election. It would be handy for them if whatever action the Martens Government takes on cruise could be seen within Belgium to be irresistible — the international pressures outweighing domestic political considerations.

U.S. hi-tech export curbs assailed

BY RUPERT CORNWELL IN BONN

Leading spokesmen for both the Soviet Union and West Germany yesterday came out strongly against the intensifying curbs, inspired by Washington, on the export of high technology goods to the Soviet Union and other East bloc countries.

Speaking after a two-day session of the two countries' economic commission here, Mr Alexei Antonov, a deputy Soviet Prime Minister, singled out the special difficulties caused by the CoCom list of strategically sensitive items upon which Nato countries impose controls.

Mr Antonov, who headed Moscow's team at the talks, took a generally optimistic view of trade with West Germany, by far the West's biggest economic partner with the Soviet Union. But he warned that the CoCom limitations could affect the chance of West German companies winning major contracts —of which some DM 20bn worth are at stake under the next Soviet five year plan from 1986.

Separately Herr Otto Wolff von Amerongen, the head of the West German Chamber of Commerce and Industry, sharply criticised the multiplying curbs on exports to Russia. CoCom, he complained, made it steadily harder to distinguish between products of civil and military application.

Herr Martin Bangemann, the Bonn Economics Minister and leader of his country's representatives on the commission, himself avoided direct reference to the problem yesterday. But he has in the past taken up the issue with the U.S., albeit with small success.

Although both sides seemed publicly happy with the outcome of the commission's work, picking out the chemicals, engineering energy and plant construction fields as particularly promising for future collaboration, no specific new deals were finalised. There are only likely at or just before the next meeting, at the end of this year or in early 1986.

One factor behind this may be the uncomfortable mood between Bonn and Moscow, in spite of the slight thaw in overall East-West relations after the successful Gromyko-Shultz arms talks in Geneva

Mr Antonov expressly noted that economic could not be divorced from political ties, which he examined in separate meetings afterwards yesterday with Chancellor Helmut Kohl and Herr Hans-Dietrich Genscher, the West German Foreign Minister.

Herr Kohl is understood to have again indignantly rebutted the running campaign from Moscow against West Germany's presumed "militarism" and "revanchism," aimed at regaining territories in the East lost in the Second World War. But his taswk has been vastly complicated by the unseemly wrange over a suitable slogan for June's rally of Germans exiled from Silesia, now part of Poland, after 1945.

Originally, the Silesian refugee groups had wanted to use the wording "40 years of exile: Silesia remains our"— despite criticism from all sides that it would only play into the hands of propagandists in Moscow and Warsaw.

Yesterday they grudgingly adopted a milder slogan: "40 years of exile: Silesia remains our future in a Europe of free peoples." But Herr Herbert Hupka, the groups' leader and a member of the Chancellor's own CDU party, said the change did not affect his view that Silesia was still "historically, politically and spiritually" a part of Germany within its 1937 frontiers. Herr Kohl, moreover, has confirmed that he will now after all address the gathering in June.

Austria's hydro plans anger Czechoslovakia

BY PATRICK BLUM IN VIENNA

CZECHOSLOVAKIA HAS renewed its attacks on Austria's controversial Hainburg hydroelectric power project despite the Vienna Government's decision to reconsider the scheme after environmental opposition forced a halt in preparation work for the dam.

The Prague daily newspaper, Rude Pravo, said yesterday that the dam will have an adverse effect on neighbouring parts of the Moravia and Danube valleys. It accused the Austrian Government of riding roughshod over the concern of its neighbours.

"It has become evidence that political considerations (in Austria) were given priority over the economic ones, at the expense of the common interests of the Danubian states, protectio not the human environment and maintenance of ecological equilibrium," Rude Pravo said.

Earlier this month, a senior Czechoslovakian official responsible for water energy claimed that the dam would put Bratislava, Czechoslovakia's third largest city, at risk from flooding and prevent navigation on the Danube.

Netherlands: Counting the Soviet missiles

BY LAURA RAUN IN AMSTERDAM

ALTHOUGH the Soviet Union and the U.S. are to resume arms-limitation talks and Belgium has signalled a possible change in its stance on the deployment of cruise missiles, the position in the Netherlands remains, officially, the same.

Last June the Dutch Cabinet decided with great difficulty on an intricate plan for deployment, based on the number of Soviet SS-20 missiles sited in Europe. Under the plan, the Netherlands will deploy its 48 cruise and Pershing missiles, as assigned by Nato, if the Russians have sited more than 378 SS-20 missiles by November 1 this year.

If an accord on limiting nuclear arms has been reached by the November deadline, the Dutch will take a smaller number. But if the number of Soviet missiles in place has fallen below 378 by the deadline, the Dutch will take none of the Nato missiles.

Mr Ruud Lubbers, the Prime Minister, who is credited with drafting the plan, reiterated last week that "the Dutch decision remains unchanged." The Netherlands heartily welcomes the fresh Soviet-U.S. negotiations, but nothing short of an agreement would infinence its final move, Ministers insisted.

The Government line is intended to reassure nervous Nato partners, shocked by the deep-seated opposition to having the missiles on Dutch territory. Most Dutch people still generally support Nato, but opposition to Cruise is widespread.

One troubling question related to the deadline is whether the Netherlands would go ahead with stationing the missiles at the Woensdrecht site, if the Soviet-U.S. talks were nearing agreement, but hadn't quite reached it. The Cabinet decision did not spell out exactly what constituted an "agreement," and Mr Lubbers has avoided being specific on this point.

Another difficulty for the Dutch is divining the exact number of SS20s stationed at any given moment. Mr van den Broek, the Dutch Foreign Minister, has said the Netherlands has no reason to doubt Nato's estimate that the Soviet Union currently has 396 SS20s on site, which would imply Dutch deployment.

He hastened to add, however, that only the November 1 level is of consequence. But the Russians' apparent ability to manipulate the number of deployed missiles from day to day could cause further concern in Nato.

Moscow worried by U.S. attitude on arms build-up

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION is showing concern that its agreement at Geneva to restart negotiations on arms reduetion is seen in the U.S. as a justification for President Ronald Reagan's military build-up.

Mr Vladimir Bogachev, senior military analyst for the Tass news agency, attacked Mr Robert McFarlane, the President's National Security Adviser, for saying that the increase in U.S. nuclear missile and long-range bomber strength had given the Soviet Union "a powerful incentive to conduct talks."

The build-up of U.S. nuclear arms would simply lead to Soviet counter-action, said Mr Bogachev.

President Reagan's speech at his inauguration this week has also been criticised in the Soviet media which claimed he had "spurred on the arms race" and "tried to justify this course by stereotype allegations about the mythical Soviet threat."

Moscow is clearly unhappy that the agreement to resume negotiations is being portrayed in the U.S. as a sign of weaknes by the Soviet Union.

The Soviet delegation walked out of disarmament talks in Geneva in late 1983 when the U.S. began the deployment of intermediate range cruise and Pershing 2 missiles. Mr Andrei Gromyko, the Soviet Foreign Minister, has justified the return to talks with the U.S. after 14 months by saying that the new meeting was entirely different from the previous negotiations on nuclear weapons.

Gandhi faces regional poll test in March

BY JOHN ELLIOTT IN NEW DELHI

THE POLITICAL popularity of Mr Rajiv Gandhi, India's new Prime Minister, and of his Congres I Party will be put to a major test early in March when nearly three-quarters of the country's 380m electorate will be involved in polls for 10 regional state assemblies

Yesterday's election announcement comes at a time when a major spy scandal is providing Mr Gandhi with his first serious political test since he took over as Prime Minister from his late mother, Mrs Indira Gandhi. on October 31 and then won a general election with a landslide victory.

Mr Gandhi's Congres I Party will be contesting all the state assemblies and will face tough competition in the southern states of Andhra Pradesh and Karnataka. where regional interests are strong.

The elections are to be held on March 2 and 5. This means that India's annual budget, usually delivered by the Finance Minister on February 28 will be delayed, probably until the middle of March.

As many as 20 people, including several medium and junior ranking civil servants holding sensitive positions, are now known to have been arrested in the spy scandal for removing secret documents from Government offices.

The Hindustan Times newspaper, which usually reflects Government information, reported yesterday that people under surveillance included at least 12 secretaries (the top civil service post), a dozen senior serving officers in the armed forces, six diplomats and other civil servants.

Senior Government officials assume that a French Government agent recovered secret defence and other information from civil servants which was then either used by the French Government or passed on to other interested countries. A French businessman is rumoured to have left New Delhi in the past few days in addition to the deputy military attache who returned to Paris on Sunday.

The 10 states that will go to the polls in March are Andhra Pradesh, Bihar, Gujerat, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Sikkim and Uttar Pradesh, and the small union territory of Pondicherry.

But there will be no assembly polls in Punjab, where there is continued Sikh unrest, or in the troubled north eastern state of Assam.

Mr N. T. RAMA RAO, the former film star and prominent Indian opposition leader, owes $84,000 in tax, the Ministry of Finance told Parliament yesterday, Reuter reports from New Delhi.

Parliament was told that Mr Rao, leader of Telugu Desam, the country's largest opposition party, was among 50 film stars who had not paid money due on their income. Their arrears ranged from around $8,000 to $125,000.

S. Korea to curb money supply

By Steven B. Butler in Seoul

SOUTH KOREA will continue to keep a tight reign on money supply and gradually liberalise its domestic financial system. Mr Kim Mahn-Je, *the Finance Minister*, says in his annual report to the President. New foreign borrowing this year would total $5.8bn compared with $6.2bn last year.

The report, while containing *few surprises*, fleshed out the details on important policy measures to be implemented in 1985. These included:

● Foreign debt in 1985 is expected to reach $45.1bn, up from a *provisional* $43.1bn at the end of 1984. Short-term debt will fall to 24.8 per cent of the total, from 26.4 per cent in 1984, and 30 per cent in 1983.

● The current account *deficit*. which in 1984 surged over a targeted $1bn to $1.4bn, will be held to between $700m and $500m.

● Total money supply, M2, will grow at a target rate of 9.5 per cent. The 1984 growth in the money supply at 9 per cent, was the lowest in 20 years.

● The ministry is *looking for* a $90m increase in *foreign* participation in Korea's equities market. Currently $110m is invested in three international trust funds, and the creation of several new open-ended trusts is envisioned. At least one new fund has received tentative approval

● The ministry hopes to induce $450m of *foreign* direct investment in 1985. Foreign investment on an approval basis increased 56 per cent in 1984 to $4.9m, and the ministry projects that foreign investment will *exceed $1bn in 1988. The Gov*ernment will gradually broaden the areas in which foreign direct investment is allowed.

● Foreign banks this year will be able to borrow mor// *from* the Bank of Korea's rediscount window and participate in trust business. The guaranteed 1 per cent margin on foreign currency swap transactions with the Bank of Korea will be reduced and foreign banks will be required to lend money to small- and medium-size Korean businesses.

Nakasone fires a warning shot at party plotters

BY JUREK MARTIN IN TOKYO

MR YASUHIRO NAKASONE, the Japanese Prime Minister, has finally reacted publicly to last year's abortive plot to unseat him by declaring that the ruling Liberal Democratic Party has no business contemplating coalitions with other centrist parties.

He told a meeting of party functionaries on the eve of yesterday's ceremonial party convention that "there can be no justification for trying to form any coalition in disregard of our principles." Any collaboration, he said, should be conducted "in public" and be based on policy agreements rather than what he described as 'easy going" arrangements.

Although he was more circumspect in addressing the convention itself yesterdal, his remarks were picked up with a vengeance by the influential LDP secretary general, Mr Shin Kanemaru. "Coalition government that is based on compromise and expediency without any genuine agreement is merely an act of deceit to the *people*," *Mr Kanemaru asserted.*

Both men argued that the LDP's main goal should be to recover the seats in the Diet (the Japanese parliament) it lost in the general election 13 months ago and thus, once *again, be in a position* to rule on its own. oBth glossed over the fact that the LDP is currently in a coalition induced by those election losses, with the small New Liberal Club.

But their overall stance *clearly reflects some concern* among the so-called "mainstream" LDP forces at the extent to which talk of coalition has become rife in recent months—even though actual political realignment, in the view of most observers, is still well over the horizon.

In this cycle of political intrigue, the key event occurred last autumn when some of Mr Nakasone's leading intra-party rivals, led by former Prime Minister, Mr Zenko Suzuki, secretly conspired among themselves and with the third and fourth largest parties, Komeito and the Democratic Socialists (DSP), to form a new coalition under the veteran LDP insider, Mr Susumu Nikaido.

Although that plot failed, coalition talk has continued undebated, with Komeito and the DSP being linked not only with the LDP but also possibly with the socialists (JSP), whose chairman, Mr Masashi Ishibashi, is trying to give his party a more pragmatic, less ideological, cast

But Mr Ishibashi's hopes were dealt something of a setback at his party's convention over the weekend when the *rank and file dug in its heels* over some of his proposed policy reforms—most notably that which would require the *JSP* to drop its adamant opposition to the use of nuclear generating power in Japan

Japanese politics, however, tend to revolve more round personalities than policies. In *this respect, it is the* relative lack of popularity in the political, though not necessarily the public, eye of Mr Nakasone and *his principal backer, the former* Prime Minister, Mr Kakuei Tanaka, which keeps coalition speculation alive.

Lebanese protest at bomb attack

A GENERAL STRIKE yesterday bough Sidon and West Beirut to a halt and angry residents burned tyres in protest at a car bomb attack on Monday that seriously injured a Moslem politician in this Israeli-*occupied city*, *Reuter reports* from Sidon. Palestinians and Druze joined demonstrations against the attack along with some Christians.

Some schools in Christian East Beirut also closed after one person was killed and five were wounded during 10 mortar bomb attacks on the streets.

Mr Mustafa Saad, 34, leader of Sidon's Sunni *Moslem* community, was seriously ill in a Paris hospital after the blast, which killed two people and wounded 38.

The bomb was seen in Lebanon as a deliberate attempt to undermine efforts by Sidon's religious and political leaders to prevent communal violence as Israeli troops prepare to withdraw under the first stage of a three-phase plan. Israel denied a charge by Mr Rashid Karami, the Lebanese Prime Minister, that it was responsible for the bomb.

David Lennon adds from Tel Aviv: Lebanon yesterday demanded a detailed timetable for the withdrawal of Israel troops from southern Lebanon as a condition for allowing United Nations troops to move into the evacuated areas.

This followed Israel's presentation of its three-stage with*drawal plan when military dele*gations from both countries met for the 13th time at Nakoura in southern Lebanon.

Gen Amos Gilboa, stressed the urgent need to reach agreement on the future policing of the evacuated areas to prevent chaos in the wake of the Israeli withdrawal. Israeli officers were optimistic that the Lebanese may provide proposals at the next meeting.

Israel economic gloom

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S recession is deepening and bankruptcies have increased as the economic slowdown which began late in 1983 has accelerated, according to a report by the Bank of Israel.

Activity is falling in industry and trade; output and sales are dropping and unemployment is on the rise, according to the findings of Dr Meir Tamari, a senior research analyst at the Central Bank who makes a quarterly survey of corporate activity and intentions.

The rise in export-oriented production last year offset the slump in local orders to some degree, but was insufficient to counter the trend.

"In 1984 there was a decline in the number of new com*panies established and a rise of* nearly 50 per cent in the number of companies that went bankrupt or were dissolved," he reported, noting that this indicates an intensification of the economic recession.

"Economic activity fell in of 1984" and worse still, every sector in the last quarter "firms in every sector expect continued falls in employment levels in 1985."

New Caledonia nickel threat

MELANESIANS demanding independence in the French Pacific territory of New Caledonia yesterday demanded the release of 87 detained militants before they would allow a sabotaged nickel mine to reopen, reports Reuter from Noumea.

The Mealanesian organisation, which blamed anti-indepedence groups for sabotaging the Thio mine, the world's third largest, demanded that security forces withdraw from the area as well as the release of the detainees. *Nickel* minin, along with tourism, is the backbone of New Caledonia's economy.

The raid coincided with French President Francois Mitterrand's announcement on *Saturday that the mine would* soon reopen. It was shut following factional violence two months ago. Reuter.

Ivory Coast dismisses French expatriates

BY PETER BLACKBURN IN ABIDJAN

ACCORDING *to a possibly* apocryphal story, President Houphouet-Boigny of the Ivory Coast was once confronted by fellow African leaders with the fact that the number of expatriates in his country had trebled since independence.

When we meet again I will have even more, he is said to have replied, and we will compare the state of our economies.

Times have changed, however, and austerity has caught *up with the Ivory Coast, which* in the 24 years under the President has won a reputation as one of the few economic success stories in Africa.

The Government is cutting back sharply on the number of *foreigners — mainly French —* and replacing them with Ivorians, who are paid less and do not remit earnings to *families abroad. It may mark* the end of an era for the thriving French community some 40,000 strong, and the largest in Africa.

At the height of the country's boom in the late 1970s it *reached a peak of 60,000.* Up to now numbers have fluctuated according to the state of the economy, and not because of government measures.

Recently, however, M. Jean-Jacques Bechio, the civil service *minister, signalled a shift in* policy. About 90 per cent of the 650 privately recruited foreign experts, employed mainly in government administration and state-owned enterprises, will leave by 1986, he said.

"*Some experts think they are* irreplaceable, whereas they are often little more than advisers of simple bureacrats."

The contracts of all experts were terminated at the end of last year, but only one third are expected to leave immediately. The Government is due to announce details of the phasing out of the rest.

*Most of those retained be*yond 1985 will be in specialist categories such as computer experts and engineers.

In addition 1,000 French-government recruited technical assistants, mostly teachers, are *due to leave by the end of this* year. This will reduce the number to 2,000 or just over half the total in 1980.

Although the phasing out of both privately and officially recruited experts has always been *envisaged*, their departure has been accelerated by the country's financial difficulties—illustrated by a rescheduling of *medium-term* external debt last year—and escalating unemployment

Ivory Coast supports 80 per cent of the $100m-plus annual cost of the officially recruited experts. The privately re*cruited experts are propor*tionally far more expensive, officials say.

One of the largest concentrations of foreign experts is in the Finance Ministry."

But as one Ivorian official remarked "French *expertise* did not stop the country sinking into a financial crisis.'

Some observers doubt whether there is sufficient number of qualified and experienced Ivorians prepared to replace the *foreign experts*. Their salaries are likely to be much lower and unattractive compared with the private sector.

S. African inflation steady

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S inflation rate stabilised in December last year but many economists fear that this will prove only temporary. The year-on-year rate in December was 13.3 per cent, the same as the previous month.

According to economists, the rate recorded in December was largely due to heavy discounting by retailers eager to cut stocks over the Christmas period. By mid-year several economists have said, the annualised rate of inflation could reach 15 per cent.

Their estimate is based on a substantial increase in petrol prices due to be announced by the Government shortly, fears that another poor maize harvest will lead to expensive imports and food *price* increases and a belief that general sales tax will be increased from its present 10 per cent in the March budget and that the rand will remain weak for the rest of this year.

Pentagon shake-up to be urged

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

A RADICAL SHAKE-UP of the management structure of the U.S. armed forces is to be urged *by an independent group of* military experts that has just concluded an 18-month study of the high command.

While some of the group's recommendations are likely to be opposed by the Reagan *Administration, they are backed* by influential members of Congress and other leading analysts.

The group's final recommendations are to be published next month, but a draft report, of which extracts were printed in the New York Times yesterday, concludes that the current *military organisation is para*lysed by rivalries between the Army, Navy, Air Force and Marine Corps.

That is the underlying cause of bloated budgets, poor combat readiness and a lack of co-ordination in operations, it says.

The group is to propose that the chairman of the Joint Chiefs of Staff be given new powers as a Presidential adviser, and regional commanders greater authority, to overcome the problem.

It also wants to streamline the Pentagon's budgeting and planning operations and provide for Congress to review the military budget every two years, instead of every year, to allow time for a better assessment of *overall strategy* and performance.

The study was conducted under the auspices of the Georgetown University Center for Strategic and International Studies.

Financial Times to print in U.S.

BY SUE CAMERON IN LONDON

THE FINANCIAL Times is to start printing in the U.S. in six months' time. The move will make the FT the first British national paper to be transmitted overseas daily via satellite.

The newspaper announced yesterday that it had signed a $650,000 contract with Evergreen Printing and Publishing of New Jersey to print its international edition for the North American market.

The extra cost of printing and transmission will be about £1m ($1.12m) a year – but the FT will save some £400,000 a year on air freight charges. The capital cost of the project will be just under £1m.

One of the main aims of printing in the U.S. is to improve the news*paper's distribution in North Ameri*ca. For the past six years the international edition of the FT has been airfreighted to New York from Frankfurt where it is printed. But this has been found to be "frequently unreliable" and increasingly expensive – the air freight bill to the U.S. is due to rise by 33 per cent this year.

The newspaper is also hoping to increase readership in the U.S. Sales in the U.S. have risen from 2,600 a day in 1978 to some 6,000 last year. Last night, Mr Frank Barlow, *chief executive of the FT*, said he would hope to double the paper's U.S. circulation over the next two years.

Mr Barlow added that the newspaper also aimed to increase its U.S. advertising in the main body of the paper although there would not be separate advertising for the U.S. *He said advertising revenue from* North America had been increasing "substantially." In 1979, it represented 8.2 per cent of total advertising revenue but by last year the proportion had risen to 14.3 per cent.

British Telecom International and American Satellite of Rockville, Maryland, will be responsible for the landline and satellite communication *links* between London and New Jersey. Lines will link the FT's London headquarters to a satellite dish, also in London. From there the signal will be sent via Intelsat directly into the printer's premises. Pages made in Frankfurt will be transmitted back along existing landlines and switched in London to the satellite routing.

Mr Barlow said the next logical step for the FT would be to print in the Far East. After that, there *might be opportunities for printing* on the West coast of the U.S. and perhaps also for printing at a second site in Europe.

Bhopal contractor has UK link

BY TONY JACKSON

ONE OF the main contractors employed in the building of *Union Carbide's plant at* Bhopal, India, scene of the worst industrial accident in history in which an estimated 2,500 people died, has been identified as Humphreys & Glasgow Consultants (HGC of Bombay.

The company is a 40 per cent owned associate of Humphreys & Glasgow Ltd of London, which in turn has been wholly-owned since 1983 by ENSERCH Corp of Dallas, Texas.

Humphrey & Glasgow said in London yesterday that HGC *had played a significant role in* the construction of the Bhopal plant, but was at pains to emphasise that its Indian associate had been working to Union Carbide's instructions.

"HGC was one of the contractors *for engineering* and other services, carried out on data, specifications, engineering flow and instrumentation design, standards, etc as provided by the client under the guidance of their staff stationed at HGC in Bombay," the company said.

Humphreys & Glasgow is a major force in process engineering worldwide, with a particular emphasis on the chemicals industry. Besides Union Carbide, past clients in India have included ICI, Esso, Sandoz and *Hitachi Zosen.*

Humphreys & Glasgow said yesterday that any comment on potential legal liability would be premature until inquiries into the Bhopal disaster had been completed.

Canada to cut crude oil export prices

By Bernard Simon in Toronto

CANADA IS to cut crude oil export prices substantially in an effort to improve the competitiveness of Canadian producers in the U.S.

The National Energy Board said yesterday it would recommend to the Cabinet that the February export price of heavy *crude oil be cut by $1.90 a* barrel to $23.47 and light crude by $1.14 to $25.71 a barrel. The Government normally accepts the board's proposals without change.

The U.S. is Canada's only export market for oil Sales of light crude south of the border averaged 88,000 barrels a day in 1984 and heavy crude exports stood at 224,000 barrels a day.

According to Mr Rob Robinson, oil analyst at the securities firm of Loewen Ondaatje McCutcheon, unrealistically high export prices in recent months have "shut in" about 75,000 barrels a day of light and 40,000 barrels day of heavy crude oil.

Peruvian forces accused of murders

By Robert Graham

AMNESTY INTERNATIONAL yesterday accused the Peruvian armed forces and police of committing murder an dtorture in their struggle against the fanatical Maoist guerrilla group, Sendero Luminoso (Shining Path).

The London-based international human rights organisation, in a report on Peru, said that over 1,000 men, women and children had "disappeared" after being taken into custody by the army and police in the past two years in the remote Ayacucho region of the southern Andes.

The report coincides with publication in one of Peru's independent weeklies, Caretas, of an article claiming that some bodies uncovered in a mass grave last week had been identified as those of persons *known to have disappeared* after being arrested by police

The military have insisted that bodies in mass graves are peasant victims of Sendero Luminoso.

Reginald Dale profiles the three new U.S. weapons control negotiators

'Pacifist' patriot heads arms team

"TOUGH-MINDED patriots" was how Mr George Schultz, the U.S. Secretary of State, chose to characterise the three leading members of the new U.S. arms control negotiatitng team when he announced their appointment at the White House last week. Reepatedly pressed as to whether they fitted the description "hawkish," Mr Shultz diplomatically settled for "pro-American."

There is little doubt, however, that conservatives both inside and outside the Administration will be reassured by President Reagan's choice: Mr Max Kampelman to head the team and negotiate on space and defensive weapons, Mr John Tower to look after strategic *offensive systems* and Mr Maynard Glitman to deal with intermediate range missiles in Europe (INF).

The New York Times promptly added to that impression by revealing that Mr *Kampelman* was a co-author of an article it was due to publish which expressed strong doubts that a breakthrough in arms control was possible in the near *future*. Far from acceding to Mr Kampelman's plea that his name be taken off the article, the liberal-leaning Times gleefully splashed the story on its front page.

Mr Kampelman, a 64-year-old Washington lawyer, is an active Democrat who has managed to maintain close links with his own party's leadership while winning favour with the Reagan Administration for his tough line towards the Soviet Union. A long-time associate of the late Vice President and Senator Mr Hubert Humphrey, Mr Kampelman was a foreign policy adviser to Mr Walter Mondale during his unsuccessful Presidential campaign last year.

At the same time, he is close to Mrs Jeanne Kirkpatrick, Mr Reagan's hardline ambassador to the United Nations who is also still officially a Democrat, and is a founder member of the Committee on the Present Danger, a group formed in 1976 to counter liberal thinking on *defence by calling attention to* the growing military imbalance between the U.S. and the Soviet Union, and which opposed the second Strategic Arms Limitation Talks (Salt 2).

Mr Kampelman, who says *that he is "in many ways* a pacifist," was a conscientious objector in World War Two, which he spent mostly as a volunteer in a human experiment on starvation, as well as working for mentally handicapped children.

It is because he wants to avoid war, he says, that he believes *negotiations* with the Soviet Union to be absilutely necessary.

He first impressed the Reagan Administration with his toughness towards the Russians at the Madrid Conference on Security and co-operation in Europe *that began in 1980. He was* appointed to head the U.S. delegation by President Jimmy Carter and Mr Reagan kept him on until the 35-nation East-West conferenceme ended in 1983.

In Madrid, Mr Kampelman *frequently denouncved Moscow* for human rights violations and was in turmn bitterly attacked by the Soviet delegation. When the talks finally ended in compromise, he issued a blunt warning against Euphoriag, *remarking that "signatures on* a document do not necessarily produce compliance with its provisions."

It is the same caution that appears to have led him to subscribe to the opinion expressed *in the new celebrated New York* Times article, that the record of Soviet compliance with arms control accords is "sufficiently troubling to warrant scepticism regarding the likelihood of implementing any such complex and far-reaching agreement." It adds that a comprehensive agreement will require "a much more felicitous climate" than currently prevails between the superpowers.

President Ronald Reagan yesterday called his new arms control negotiators to the White House for the first policy-planning session of his second term, Reginald Dale report.

Officials said he had given top priority to a review of the U.S. negotiating position in order to dramatise his commitment to arms control.

In Ottawa, Nato Secretary-General Lord Carrington said yesterday it would be unwise of the U.S. to abandon research on a so-called "star wars" anti-missile defence system.

"The Americans are absolutely sure that the Soviet Union has been doing research on an SDI (Strategic Defence Initiative) of their own," he told a news conference while on a five-day visit to Canada.

Mr Kampelman's views meld well with those of the 59-year-old Mr Tower, who brings with him a long history of outspoken concern about the Soviet military build-up. A Republican Senator from Texas since 1961 who retired just three weeks ago, Mr Tower has been the chief Congressional defender of Mr Reagan's plans to restore U.S. defences. He is a strong supporter of the MX missile, which now falls squarely into his negotiating patch.

The son of an itinerant East Texas Methodist minister, Mr Tower's grandfathers were confederate civil war veterans, and also preachers who are said to have imbued him with an absolutist view of the world and a deep conviction that the South should have won.

Before becoming a Senator, Mr Towers was an assistant professor of political science at a Texas university, following postgraduate studies at the London School of Economics. "I got part of my education from the British," he says.

His chief qualification for his new job, he told a new conference. were his academic background in foreign policy issues and his familiarity with modern weapons systems gained as chairman of the Senate Armed Services Committee. He admitted, however, that he had "a good deal of homework to do."

Just under 5 ft 6 in tall, the dapper Mr Tower is renowned for his sharp temper—a friend once described him as a "tightly wound spring" and his toughness as a negotiator and debater. Some Washington observers this week were questioning whether he would be genuinely committed to negotiating an agreement with the Soviet Union, about which he has so repeatedly voiced profoundsuspicions.

The majority view in Washington, however, is that he will follow Mr Reagan's lead. A big advantage for the Administration in having him on board is that his approval would be likely to improve the chances of Congressional approval of any agreement.

The least well-known of the three, Mr Maynard (Mike) Glitman, 51, is a career diplomat, who, unlike his two colleagues, has firsthand experience of the detailed cut and thrust of arms control negotiations. He was deputy to Mr Paul Nitze, who led the U.S. negotiating team at the previous INF negotiations in Geneva that ended with the Soviet walk-out in November 1983.

Mr Nitze, now a special adviser to Mr Reagan and Mr *Schultz for the new negotiations*, strongly recommended him for his new post.

After serving in mainly economic posts in his early years at the State Department, Mr Glitman worked briefly at the National Security Council in 1968. Five years as political officer in Paris followed from 1968 to 1973 and he later became head of the international trade office at the State Department.

He *moved to Brussels* as deputy permanent representative to Nato in 1976.

Mr Glitman, a skilled arms control technician, is reported to have been *the* State Department's first choice to lead the *U.S. delegation* to the original INF talks, before the more high-profile Mr Nitze was given the job.

Most recently, he has been fulfilling the relatively thankless task of U.S. representative at the long-running conventional force reductions talks (MBFR) in Vienna. Like the others, he now faces, as Mr Shultz put it, "a triple-time job" that will be long and difficult.

Mr Max Kampelman (above) and Mr John Tower

Philips Electronics

PHILIPS

THE FUTURE BELONGS TO THE INNOVATORS.

The last 60 years have been nothing compared to what's coming next.

1985 IS OUR 60TH ANNIVERSARY. A time when it's customary to review the past.

We've plenty to review. Believe it or not in the past 60 years the Philips Group of Companies, have applied for, and been granted, no less than 20,000 UK patents. That's one for almost every working day since we first started.

But far more important, this is a time to look into the future. Because Philips have always been innovators, not imitators.

We're in business to explore the frontiers of electronic technology and to apply our extra-ordinary discoveries to products that people will use every day.

Philips Electronics consists of many component parts, working together as one Group.

Our range of activities is vast – from consumer durables to business systems, communications to medical equipment. And our investment in Britain is enormous – in research, development and manufacturing.

Below, decade by decade, you can read about just a few of the products that all those patents were applied for. What we'll make in the future you can only imagine...

1925

ORIGINALLY LIGHTING was our business.

Among innovations, our first decade saw the installation of the first low pressure sodium lighting on UK roads. It's the most efficient system there is for the conversion of energy into light, and still in use today. So next time you're driving down a well lit motorway on a foggy night think of us.

Meanwhile we were diversifying *into the exciting new world of* radio and TV and establishing the service back-up for which we have been renowned ever since.

Firsts in the field included the first worldwide short wave radio broadcast the first practical all mains – radio receiver, the first really portable wireless, and, of course, the first 30 line TV set. It was used to test the first transmissions from the BBC in London.

At the same time, in the world of medicine our introduction of 'Metalix' X-ray equipment made X-rays safer for patients and doctors alike.

1935

AS THE new era of television dawned, we began production of black and white TV tubes. We're still the leading manufacturers today.

Naturally we remained in the fore-front of lighting developments – with high pressure mercury lights for factories and those tubular fluorescent lamps you still see everywhere now.

And leading with our chin, we introduced the first electric shaver to Britain.

By now the new electronic technology was gathering pace and would soon be hastened even more by the war effort.

We developed a valve for RADAR which was so crucial to the success of the system that it was christened "the valve that won the war."

We installed one of the first RADAR stations – at Walton-on-the-Naze.

The "proximity fuse," which caused anti-aircraft shells to explode when close to enemy aircraft, was one of our inventions.

And our two-way radios for infantry and for tanks were adopted as standard equipment by the allied armies.

1945

BY THIS time, our products might have been advertised on one of our own TVs.

For ITA had begun transmission and we designed valves for the new twin channel tuners.

History was made in Cambridge when a taxi firm *became the first ever licensed* user of our new mobile radio telephone.

TV viewers were astonished to get pictures of the Oxford and Cambridge boat race from a boat actually following the crews – courtesy of the first ever portable ship to shore TV transmitter.

And miniature radio technology reached new heights when our revolutionary pocket sized "walkie-talkie" helped Hilary and Tensing to the top of Everest.

1955

REMEMBER THE first portable transistor radios? They were ours.

So were the new high frequency military vehicle radios that worked equally well anywhere from the Sahara to the Arctic. They too became standard issue in the British Army.

We were also behind the very first transatlantic satellite TV signals, an achievement made possible by a new development called MASER.

And we introduced the world to the compact cassette tape.

But this was nothing compared to some of the specialised high technology that was evolving further behind the scenes.

Our high sensitivity gas chromatograph, another "world first," revolutionised analysis procedures in the clinical, pharmaceutical, petrochemical and food stuffs industries. It was a thousand times more sensitive than any previous equipment.

And we pioneered the wide-band microwave receivers which were used in the detection of aircraft. This was seminal technology for all modern electronic defence systems.

1965

FUNNY HOW while we were getting bigger all the time, the things we made were getting smaller.

Remember the old Police Call Box? That was made obsolete when the "copper on the beat" was issued with our personal VHF radios – the first sets you really could carry in your pocket.

In business we computerised the old punchcard data storage systems for the first time.

We introduced the world's first electronic push-button telephone; so much quicker than dialing.

And when the BBC began transmissions in 625-line colour, we had the sets to receive them. Appropriately enough the first service came from Wimbledon and, dare we say it, our sets are still the ones to match.

Soon after that, we launched the first domestic Video Cassette Recorders.

Further afield we launched colour television in Africa, with an installation in Zanzibar.

And, back on the road, our new tungsten halogen headlamps pointed the way ahead.

Also at this time, an entirely new process called LOCOS (LOCal Oxidation of Silicon) was introduced, which is now used universally in the production of microchips.

1975

BY NOW the future was looking more exciting than ever.

For every new invention seemed to lead to another. And Philips' horizons were wider than ever.

Our new business systems were getting off the ground.

*We were first with fully inte*grated cash receipting systems for instance.

We pioneered the application of micro-electronics to telecommunications. 'The Herald' became the most successful small business communications system in the UK.

We introduced a new lamp, the SL, which used a quarter of the electricity of conventional bulbs and which lasted five times as long.

We launched the first data storage and retrieval system which is able to store both words and pictures. It used the same technology base as another Philips breakthrough: LaserVision.

We installed the first automatic mobile radio phone system. It gave car-phones access to the British Telecom phone system.

We developed the text chips which enabled the production of 'teletext' systems like Oracle and Ceefax. (In fact if you were to page Oracle 166 right now you would find us on it.)

Meanwhile, on the home front, we won a Design Council award for an economical energy saving washing machine – the first to have a polypropylene tub.

And we even invented a new shaving system for the unique three headed Philishave razor.

But, perhaps most exciting of all, this was the age of the Laser.

It revolutionised sound reproduction with the invention of the Compact Disc.

And it did the same for video, with the introduction of LaserVision.

LaserVision's potential for use in fields like education and business is incredible.

To give you some idea of its capacity, the BBC are currently using LaserVision to compile a modern version of the Domesday Book. This survey will give an up-to-date picture of the state of the nation on all socio-economic bases. With instant video display of the data *contained in virtually any con*figuration.

Where do we go from there?

1985

WE ARE now so big, our interests are so diverse, our skills are so varied, our technology is so advanced and our products have gained such world-wide acceptance that the future is almost limitless.

*This may be our 60th anni*versary. But we're only just beginning.

1995

2005

2015

2025

2035

2045

The Innovators in the Philips Electronics Group.

PHILIPS
Lighting
Consumer Electronics (Audio-Video products)
LaserVision
Major Domestic Appliances
Small Domestic Appliances
Business Systems
Medical Systems
Service
Research Laboratories

MULLARD
(Electronic Components)

PYE
Consumer Electronics (Audio-Video products)
Telecom (Mobile Radio Systems)
TVT (Broadcasting Systems)
Unicam (Physiochemical Analytical Instruments)

MEL
(Defence Systems)

TMC
(Telecommunications equipment manufacture)

Simply years ahead

WORLD TRADE NEWS

Third World telephone investment boost urged

By Guy de Jonquieres

INVESTMENT in public telecommunications networks in developing countries needs to be increased to $12bn a year from a recent annual rate of about $8bn if an adequate level of services is to be attained.

This is among the main conclusions of a report* to the Interntaional Telecommunication Union (ITU) by the Independent Commission for World-wide Telecommunications Development, a 17-member committee set up by the ITU in 1983 and chaired by Sir Donald Maitland, former permanent under secretary at the UK Energy Department.

The report points out that three-quarters of the world's 600m telephones are concentrated in nine countries, and that more than half the world's population live in countries with less than one telephone per 100 inhabitants.

"Neither in the name of common humanity nor on grounds of common interest is such a disparity acceptable," it says. It argues that an expansion of telecommunications systems in developing countries would help their economies while increasing the size of equipment markets.

The report recommends that ITU member countries consider contributing a small share of revenues from calls between the industrialised and developing worlds towards financing telecomunications investments in the Third World.

It also urges ITU members to consider setting up a centre for telecommunications development and additional methods of financing investment, including a revolving fund.

"The Missing Link," report of the Independent Commission for World-Wide Telecommunications Development. ITU, Place des Nations, CH1211 Geneva 20, Switzerland.

China's overseas trade at record $50bn in 1984

PEKING — China's foreign trade climbed 22.7 per cent alst year to a record $49.9bn, including a 50 per cent increase in Sino-U.S. trade, the Chinese Government said yesterday.

The Ministry of Foreign Economic Relations and Trade reported that imports went up by 37.8 per cent to $25.5bn, including freight and insurance charges. Exports totalled $24.4bn—up 10.1 per cent.

The result was a $1.09bn Chinese deficit, compared with a surplus of $3.67bn in 1983, Huang Wenjun, a Ministry representative told a news conference.

Trade with the U.S. in-record $6.06bn, with imports of $3.7bn, and exports of $2.3bn, Huang said.

However, U.S. Embassy officials said China's import figures on bilateral trade were inflated by up to 10 per cent because of added freight and insurance charges, while exports totals failed to includes Chinese goods shipped through, but not processed in, Hong Kong and Japan.

"We estimate that U.S.-China trade will total about $6bn for 1984 and will be in rough balance," said one official.

The previous high for Sino-U.S. trade was $5.5bn in 1981. It slipped to $4.3bn in 1983 by according to Chinese figures.

Huang repeated the Government's pledge to comply with the grain pact that expired in December, under which Peking agreed to buy 6m tonnes of American grain a year but fell 4mtonnes short of 1983-84.

Chinese officials were discussing the problem with the U.S. Department of Agriculture, he added.

Huang attributed the boost in foreign trade to China's policy of welcoming foreign investors, including low-tax incentives in four special economic zones and 14 coastal cities.

Demand for goods on the domestic market contributed to a 37.8 per cent rise in imports, while exports increased 10.1 per cent.

Trading with over 170 countries. China's biggest partners were Japan, Hong Kong, the U.S. and the EEC.

Japanese trade rose 36.3 per cent to $12.3bn, with a Chinese deficit of $1.7bn, the Ministry reported.

Trade volume with Hong Kong increased 27.7 per cent to $8.5bn with a Chinese surplus of $2.2bn.

Trade with the 10-nation EEC declined about 5 per cent to $5.5bn, while the value of Sino-Soviet volume soared 73 per cent to $1.16bn.

Huang reported agreements last year for $4.8bn in foreign capital, bringing to $17.3bn the amount secured since the open-door policy began in 1979.

Over 700 foreign-partner joint ventures were approved, more than in the previous five years and representing investment of $1.1bn.

AP

British Alcan in secret £7m deal to build Malaysian mosque dome

BY JAMES McDONALD

BRITISH Alcan Aluminium kept secret for over 15 months for "political reasons" a £7m contract to build the huge dome and cap the four minarets of what will be one of the most imposing mosques in the world, in the State of Selangor in Malaysia.

The new mosque, with a dome larger than that of St Paul's Cathedral in London, and costing between £30m and £35m is being erected on the orders of the Sultan of the State of Selangor in his new capital, Shah Alam.

Announcing the dome and minaret capping contract yesterday, British Alcan Aluminium said the order had been received in October, 1983 but that, for political reasons, it had not been allowed to release the news until now.

The mosque, with its dome the largest of any mosque in South-East Asia, is scheduled to be finished late this year but final completion of the project may run into 1986.

The dome contract has been a major project for British Alcan Aluminium, according to Baco Contracts—a marketing, designing and construction offshoot of British Alcan. The dome will be 51 metres in diameter and 44 metres high, and will reach to a height of 92 metres above the ground level.

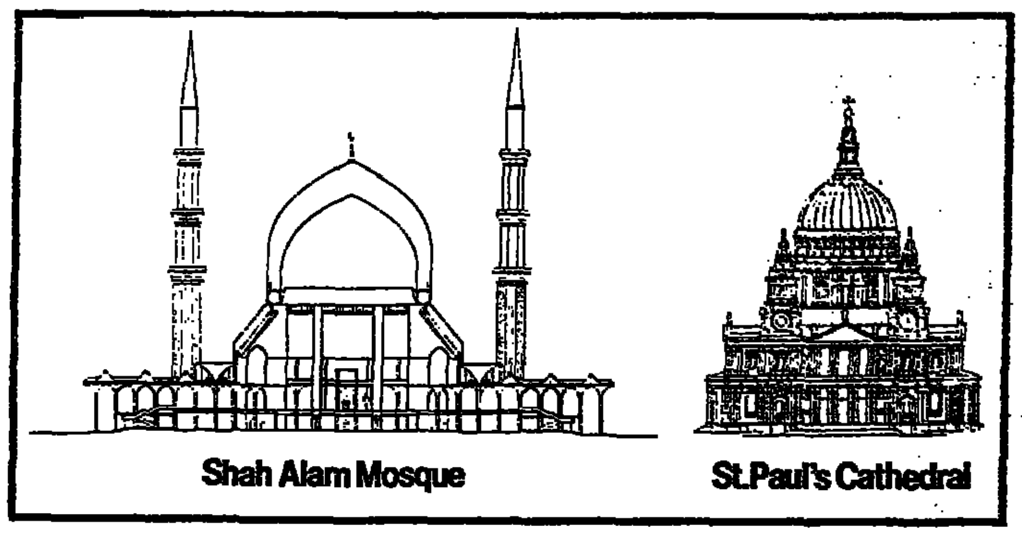
The dome is a computer-designed structure using the Triodetic system—an aluminium space-frame which is claimed to be the most efficient way so far of producing large clear spans of complex shape. The outer structure of the dome consists of over 13,800 aluminium tubes, joined by special alloy hubs, to form a shell in the classic shape of mosque domes. There is a second, inner, roof of corrosion-resistant aluminium cladding.

British Alcan is building the caps of the four 138-metre minarets in much the same double-skinned way.

"It has been like designing, shipping and assembling a Meccano kit," said a Baco spokesman yesterday.

The main contractor for the £35m mosque is the Malaysian company, Bina Goodyear. The order for the dome, roof and minarets cladding was won by British Alcan against fierce international competition.

Trade relations between the UK and Malaysia have been on the mend for the past year, following the lifting by Malaysia of trade sanctions against Britain. The sanctions were imposed in 1981 as a result of what the Kuala Lumpur government claimed was high-handed treatment, by the UK, of its attempts to acquire British-owned Malaysian assets.



Champagne sales increase 18%

BY DAVID HOUSEGO IN PARIS

FRENCH champagne sales bubbled to a world record last year according to the Champagne Producers Association. 188m bottles were sold representing an increase of 17.9 per cent over 1983. The volume easily surpasses the previous record of 185.9m sold in 1978.

The surge in sales comes in the wake of recent abundant harvests in the Champagne region and of the strength of the dollar which has encouraged exports. Export volume rose last year to 62.7m bottles or an increase of 26 per cent over 1983.

French sales also rose by 14 per cent to 125.2m bottles in spite of the general stagnation of consumption in France but were below the 1978 record.

According to the producers group, the largest foreign market last year was the U.S. which brought 13m bottles.

The fast expansion of U.S. sales in part explains the recent acquisitions in the champagne industry under which BSN, the widely diversified food group, purchased Lanson and Pommery, and Seagram, the Canadian spirits group is in the process of trying to gain full control of Mumm. It already holds a majority stake in the group but is seeking to buy out the minority shareholders.

Havanas only come from Cuba

BRUSSELS — A Brussels court has ruled that only Cuba makes real Havanas and "Havana-blended" cigars must use Cuban tobacco and designate its origins.

"It is a major breakthrough for the protection of the Cuba and Havana names," M Antoine Braun, a lawyer, said after the court ruling against Maes S.A., a Brussels tobacco company.

Cuba Tobacco, the Cuban state company, makers of real Havanas, had initiated court proceedings for misleading advertising against Maes, which produced cigars under the name Gloria de Cuba.

Maes also said its cigars were "Havana blended."

Maes lawyers had argued the low price of its Havana-style cigars — BFr 8 (12 U.S. cents) apiece — was enough of an indicator they were not original Havanas. The latter cost an average of BFr 500 ($8) apiece.

Turkey and Iran agree to study oil and gas pipelines

TURKEY and Iran yesterday signed a protocol covering feasibility studies for pipelines to carry Iranian oil and natural gas through Turkey for export to third countries, Reuter reports from Ankara.

Prime Minister Turgut Ozal and Mr Mir-Hossein Mousavi, his Iranian counterpart, signed the protocol after official talks in the Turkish capital.

At a joint news conference, Mr Ozal said it was proposed Iranian oil would flow by pipeline to either a Mediterranean or a Black Sea terminal in Turkey for shipment to third countries. Turkey would also receive some of the oil, he added.

The natural gas pipeline project involved exports of Iranian natural gas to Europe through Turkey, he said A joint committee will meet next month to decide on consultants to prepare feasibility studies for both projects Mr Ozal added.

Mr Mousavi said initial studies showed both projects would be economically viable. But he said the final decision would be taken following completion of the studies.

Two years ago, studies for an oil pipeline from Ahwaz in southern Iran to Europe through Turkey's southern port of Iskenderun showed the project was not practical, but the two sides said then the plan could be revived

Iran is Turkey's major supplier of oil and leading trade partner, and the two countries last night also signed a trade protocol under which Turkey will receive 6m tonnes of oil and oil products from Iran this year.

It also envisages overall two-way trade this year of around $3bn, compared with around $1.8bn last year.

Reuter

Tokyo plans law to protect semiconductor chip layout

JAPAN plans to enact a new law aimed at protecting layouts of semiconductor chips from illegal copying, the Minstry of International Trade and Industry (Miti) said, Reuter reports from Tokyo.

A ministry official said an advisory panel to Miti has called for legislation on the protection of semiconductor chip layouts following the enactment of a similar law in the U.S. last autumn.

The panel recommended that the period of legal protection for chip developers be 10 years.

It also called on the Government to appeal to other nations for the conclusion of a new international treaty for protection of chip layouts.

● Petromin, Saudi Arabia's Government-owned oil company, has notified Japanese liquefied petroleum gas (LPG) importers that it will cut contracted LPG bound for Japan from February by 60 per cent, an official of Nippon Petroleum Gas Company said, reports AP-DJ.

The LPG supply in Japan inevitably will be tight because Saudi Arabian LPG accounts for about 55 per cent of total imports, the official said.

Petromin did not state any specific reason for the import cut in its telex to Nippon Petroleum Gas, but the reduction apparently results from the country's cut in crude oil production, the official said.

Earlier, Abu Dhabi also had notified some Japanese importers that it will cut its contracted LPG in January and February by 40 per cent.

● Japan yesterday resumed trade talks with the Soviet Union, the first such discussions between the nations since Japan imposed sanctions after the 1981 Soviet crackdown on Poland.

The three-day meeting will focus on Japanese-Soviet economic co-operation. Japanese government figures showed that in the first half of 1984, Japan exported $1.3bn in goods to the Soviet Union, a drop of 18 per cent from the year before. During the same period, the Soviet Union exported $730 worth of goods to Japan, down 5 per cent from 1983.

Exports of Swiss watches rise 14%

By John Wicks in Zurich

SWISS WATCH industry exports rose by some 14 per cent last year to an estimated SwFr 38bn (£1.3bn) the highest value since the 1981 record of SwFr 3.9bn.

This improvement in a manufacturing sector which has for years ben dogged by crisis conditions is due largely to the continued rise in the sale of quartz watches. It is expected that final 1984 figures will also show an increase in exports of high-quality mechanical models.

Particular successes were booked for sales to the U.S., up 40 per cent to SwFr 888m, and to Japan, which increased its imports from Switzerland by about one-third to SwFr 180m.

● Elektrowatt Ingenieurunternehmung of Zurich has obtained financing for a large-scale contract connected with the building of a rapid-transit system in the Colombian city of Medellin.

A banking consortium headed by Credit Suisse has provided an export credit of SwFr 32.6m for eight years at an interest rate of 7 per cent.

Norwegian glue plant

Dyno Industrier, the Norwegian chemicals and explosives group, is to build a NKr 35m (£3.5m) glue and formalin plant in Australia as a 50/50 joint venture with the Australian firm Westralian, Fay Gjester in Oslo writes. Sited in Bunbutry, Westefrn Australia, it will produce between 15,000 and 20,000 tonnes per year, worth some NKr 55m. The facility will be completed some time next year.

Snamprogetti in India

Snam Progetti of Italy has been chosen to set up a Rs 5.5bn (£3.72m) chemical fertilisers plant for Nagarjuna Fertilsers at Kawinada in the state of Andhra Pradesh, writes R. C. Murphy in Bombay. Under the deal Snam Progetti will provide urea-making technology for Nagarjuna.

Siemens' Taiwan deal

Siemens AG said it has won a DM 50m (£13.8m) order to expand and modernise Taiwan's telephone network, Reuter reports from Munich. The order includes delivery of 15 digital trunk exchanges, to begin at the end of this year, and training of local personnel.

FT COMMERCIAL LAW REPORTS

Disponent owners held to be not liable for shipper's mistake

THE ALMAK
Queen's Bench Division (Commercial Court): Mr Justice Mustill: December 12 1984

A DISPONENT owner who sub-charters a vessel does not impliedly promise to take reasonable care to ensure that bills of lading bear the correct date; and he is therefore not in breach of the sub-charter if the ship's master negligently signs an incorrectly dated bill of lading presented by the shippers.

Mr Justice Mustill so held when allowing an appeal by Rudolf A. Oetker, time-charterers and disponent owners of the Almak, from an award of arbitrators that they were in breach of a sub-charter of the ship to IFA Internationale Frachtagentur AG.

[A "disponent owner" is a person, other than the real owner, who has power to dispose of a ship. It can include a time-charterer who has power to provide for charter a ship that he himself has chartered.]

HIS LORDSHIP said that the dispute concerned a voyage performed by the Almak from Constanta to Ghent, pursuant to a charter dated June 12, 1980, between Oetker as disponent owners and IFA as charterer.

On the same day IFA re-chartered the vessel to Mebro on similar terms, to enable it to lift oil and products purchased from Petroexport, a Romanian state trading company.

Under the purchase contract the price of the goods was fixed by reference to the ruling prices on the bill of lading date. Payment was to be effected through letter of credit opened with the bank by Mebro.

It was evident from the arbitrators' description of Oetker as "time-chartered owners" that there existed a further charterparty between Oetker and the owners of the vessel. The charterparty between Oetker and IFA would therefore be called the "sub-charter."

The sub-charter provided that bills of lading were to be signed as directed by IFA, and that IFA would indemnify Oetker against all liabilities arising from signing in accordance with IFA's directions, if more onerous than liabilities assumed by Oetker under the sub-charter.

The vessel arrived at Constanta on June 19. She loaded gas oil on June 21 and 22, gasoline on June 27, and gas oil on June 27.

On completion of loading, Petrolexport tendered two bills of lading, one relating to the gasoline, and one to the whole shipped quantity of gas oil.

The first bill of lading was correctly dated June 27, being the date when loading was completed. The second should have borne the same date, since the balance of the gas oil was also loaded on that date, but instead it was dated June 22.

The master signed the bill of lading without noticing that it was incorrectly dated, and the shipping documents were tendered under the letter of credit. The bank did not notice the discrepancies as to date of shipment, and the documents were taken up and paid for.

Since the price of the goods was based on the bill of lading date, it was calculated by reference to June 22 instead of June 27.

The market fell by $7 between those two dates, with the result that Mebro paid Petrolexport more than it would have done had the bill of lading been correctly dated.

The arbitrators found that the master acted negligently. They unanimously held that his signing of the bill of lading with an incorrect date was a breach of the sub-charter.

The question was whether a disponent owner who sub-chartered the vessel impliedly promised to take reasonable care to ensure that the bill of lading presented for signature bore the correct date.

The answer was in the negative. A term could not properly be implied unless it was required to give business efficacy to the contract. No such implication was needed to make the sub-charter operate effectively, nor was any authority cited which suggested the existence of such a term.

Looking at the matter in the light of general principle, one might begin with the most straightforward case, where a charterer shipped goods for his own account and presented the bill of lading to the master for signature, retaining it throughout the transaction.

Since the inclusion of a wrong date in the bill tendered must have involved a want of care on the part of the charterer, the straightforward commercial view was that if he suffered damage through the mistake, he had only himself to blame.

It would make no difference if the bill were endorsed away to a consignee. There was no reason why negotiation of the bill should create a remedy of the charterer against the shipowner which would not otherwise exist.

Where a charterer shipped the goods and presented the bill of lading, and subsequently negotiated it to a buyer, the position must be the same. If he could not complain about the misdating of bills which he had himself presented and retained, it would be wrong in principle to hold the shipowner liable where the document was indorsed away.

Reversing that example so that bills were presented by an independent shipper with subsequent negotiation to the charterer, the principles were the same. The charterer was at liberty to have the master sign bills of lading presented. He could exercise the liberty or not as he chose. But whatever he elected to do, the shipowner's contractual liability as between himself and the charterer should be no greater than if the goods were carried under the charterparty for the charterer's own account.

The present situation was that there were two charterparties, the claim being brought under the sub-charter. If the previous steps in the reasoning were correct there could be no liability, for the person against whom the claim was brought was not even the employer of the master whose carelessness formed the subject of the complaint.

Accordingly, the conclusion was that signature by the master of the misdated bill did not render Oetker liable for the damage suffered by Mebro.

The same conclusion could be reached by a different route on the basis of four assumptions: that the issuing of the bill was causually linked to Mebro's loss, that the transaction could be approached as it there were a single charterparty made directly between the shipowners and IFA; that the shipowners did owe a duty of care to IFA with regard to the date on the bill of lading; and the the master of laiding; and that the master signed the bill because he did not study it as carefully as he ought.

The real fault was that of Petrolexport. It presented the misdated bill and set in motion the train of events which led to Mebro's loss. If Mebro, through IFA, had sued the shipowners in damages, the latter would have had a valid claim to be indemnified by Petrolexport. IFA stood in the same shoes as Petrolex, with the added detriment that it was they who by contract stipulated that the master should sign bills of lading presented to him.

The facility to have a shipowner issue bills of lading, rather than carry goods for the created for the benefit of the charterer's account alone, was charterer. If in the exercise of that facility he chose to have the bills presented by an independent shipper, and if the request to sign implicit in the presentation was complied with to the detriment of the shipper, it seemed only just that the charterer should bear the loss.

Applying that conclusion to the present case, and re-inserting the extra stage of the sub-charter, one found that the loss suffered by IFA was (ex hypothesi) recoverable from Oetker, but was recoverable back again by Oetker from IFA.

The claims would therefore fail for circuity of action.

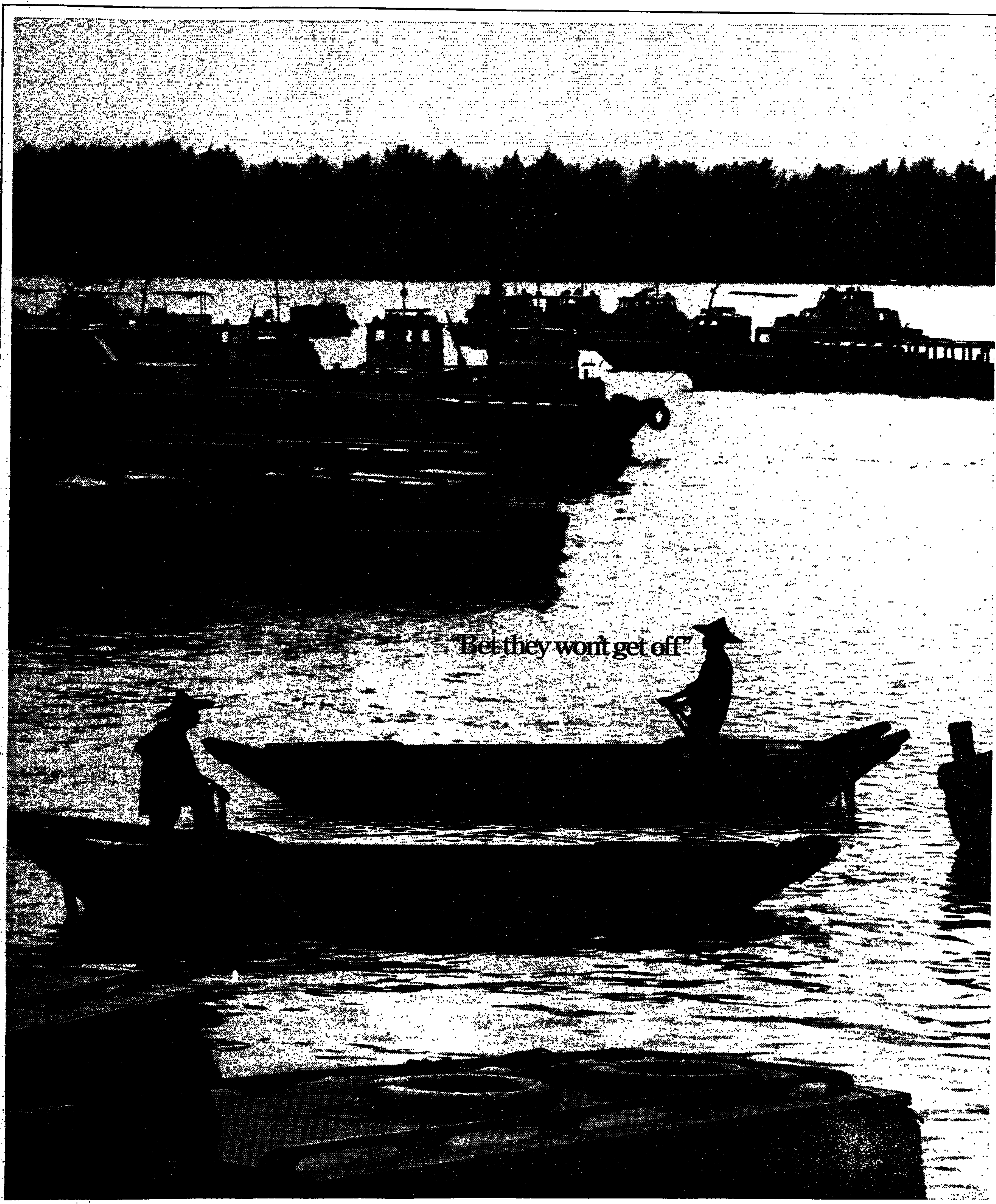
Accordingly, IFA had no cause of action against Oetker in regard to the misdating of the bills. The appeal would be allowed.

The authorities had nothing to say on the point. In some limited degree however, *Kruger [1907] AC 272*, *Dawson Line [1932] 1 KB 433* and *Elder Dempster (1909) 15 Co Cas 49* appeared to point in the same direction as that conclusion.

For IFA: Anthony Diamond QC and Mark Smith (Richard Stokes).

For Oetker: Angus Glennie (Ingledew Brown Bennison and Garrett).

By Rachel Davies
Barrister


"Bet they won't get off"

Treasury desperately attempts to dam the stream

ANYONE who has played at *damming a stream will* have a good idea of the Treasury's feelings for its latest public expenditure plans set out in its White Paper yesterday.

The more it tries to hold back the rising demand for spending, the greater the pressure to burst its cash limits and other controls—such as its highly optimistic assumption of a 3 per cent pay rise for civil servants next year.

After five years of dogged effort to hold spending constant in real terms, the Treasury finds itself in the position of a harassed parent who knows how the dam must be built but cannot quite get the urgency across to his charges.

Some don't appear to see the point of it all as they dash about, blocking a loophole or dumping a bucket of sand on another threatened overflow. The Treasury despairs whether local authorities and nationalised industries will ever play the game. Some years it seems they hardly even touch their buckets and spades.

It has become harder each year for the Treasury to keep them at it because its plan to relieve the pressure by channelling more resources into tax cuts is not yea ready, and it is not absolutely clear to all concerned how it will work.

First, the dam must be built higher and higher, at least for the next three years up to 1987-1988, and no doubt beyond, before tax cuts could have a substantial effect. But the White Paper makes it clear that although people may then have more money in their pockets, standards of health care, schooling and defence will all be coming under intense pressure.

Defence, which has been consistently rebellious of Treasury discipline, has at last submitted. After winning a real increase in its budget of 21 per cent since 1979, it is to take a rea lcut of 2½ per cent in 1986-87 and 1987-88, the last wo years of the survey.

It has accepted this cut even on the Treasury's optimistic assumptions that inflation will *fall to 3½ per cent* by the end of the period and that the tendency for defence costs to rise faster than average will have come to an end. *If either of these* assumptions proves wrong the cut demanded could be considerably harsher.

The education budget will be allowed no increase at all in real terms, while the health service will get only a minuscule *rise above the inflation* rate. The Treasury's own estimates have suggested that a real increase of 1 per cent a year will be needed just to keep pace wit hthe gradual ageing of the population.

Rises of perhaps 1 to 2 per cent a year would be needed to keep pace with technological advance, for example in new drugs, kidney treatment and artificial joint operations.

But the figures show that current spending on the National Health Service is to be held at £13.7bn next year (1985-86), no increases after allowing for inflation. A rise of 1.7 per cent in real terms is to be allowed in the next year and 1.4 per cent in 1987-88.

The cost of the family doctor service, which the Government cannot easily control because it depends on patients' demand, is expected to rise by about 5½ per cent a year over the next three years.

To compensate, it seems to have been agreed that there will be substantial rises in prescription charges. Income from charges is assumed to rise about twice the rate of inflation in the *three years up to 1987-88.*

The other major targets for Treasury economies are the housing budget, mainly through a sharp cut in *home improvement* grants, capital spending in general and nationalised industries.

House improvement grants rose steeply in 1983-84 and 1984-85, mainly because of the Government's anxiety in the run-up to the last election to get the economy moving again. Total capital grants, including improvement grants, to the private sector, which rose by 30 per cent to £3.4bn in 1983-4 are to be lopped back next year to their 1982-83 level of £2.6bn.

More generally, the Government has been forced to take the traditional remedy of paring capital spending.

The White Paper somewhat disguises this by including defence spending. Even so, there will be no real increase in capital spending over the four years up to 1987-88.

If defence spending is excluded *the picture looks* different: real capital spending is set to fall on this definition by 24 per cent over the period. The *Treasury is* not proud of this fact, so it has to be extracted with a calculator.

These strains on real spend*ing by departments* represent only half of the story, unfortunately.

To keep its overall total unchanged in real terms *for the* period, the Treasury has also been forced once again to impose some highly optimistic assumptions on its arithmetic.

The first is that inflation will fal lsteadily over the period, from 4½ per cent this year to *4¼ per cent in 1985-86*, 4 per cent the year after and 3½ per cent by 1987-88.

Secondly, the calculations *assume that Civil Service* pay rises will be held to 3 per cent in the next financial year although the 3 per cent "pay assumption" was *substantially* overshot in 1984-85.

In theory any excessive wage and price increases would have to be accommodated within the cash limits which apply to a third of the total of public spending, but it is clear that after successive years of restraint the pressures are building up. Moreover, every 1 percentage opint increase in inflation above the White Paper's assumptions would result in an increase of £380m in social security payments, which are in practice inflation prooefd.

The other major strain results from the fall of the pound which will put up the cost of imported defence and other equipment and will have a major impact on the cost of the Trident missile system.

Increased rates of interest and repeated overshoots of borrowing have also put up the Government's "interest payments. Since the 1984 White Paper, the estimate of gross interest payments has gone up by £1.5bn to £17bn for 1985-86 with *further* rises to £18bn by the end of the period.

Although interest payments do not count against the Govern*ment's spending* total, they di strain its finances.

Apart from these general factors, the Treasury is sure to *have continuing difficulty* controlling local government and social security spending. Without a tough political decision *there is little it can do* about social security. Over the past six years most benefits have risen by about 85 per cent, *representing on average a rise* of 1 per cent a year more than inflation.

With local authorities there is a continuing sage of "no jam tomorrow." In the current year, local government was supposed to cut its spending by 7 per cent in real terms. In the event their spending is expected to be about [illegible] above last year's target.

The cut has now been postponed to next financial year, when local authorities are once again supposed to cut budgets by 3 per cent *in cash terms* or over 7 per cent in real terms.

Nevertheless, the authorities have not been as wicked as is *sometimes made out: their in*crease in spending this year is put at only 3.2 per cent compared with last year's out-turn.

The trouble is that the Government is trying to reverse a 20 year trend for public expenditure to rise at 3 per cent a year in real terms, and the White Paper shows the huge pressures that these habits of spending have generated.

Max Wilkinson

Defence

Cuts in real terms confirmed

YESTERDAY's White Paper has confirmed not only that there will be no growth in the *defence budget in 1986* but that defence spending will actually decline in real terms for the first time since Mrs Thatcher *came to power in 1979.*

The proposed reduction in defence spending in real terms after 1985-86 is a conscious political decision. Including the Falklands, the defence budget has increased by a real 22 per cent since 1979—although without the Falklands, the rise is a more modest 14 per cent.

Yet the decision comes at a *bad time for the Government.* Pressures on the defence budget, over and above those apparently allowed for by the defence planners, are leading to speculation that a major review of Britain's defence commitments is inevitable in the next year or two.

Suggestions that such a review would be comparable to, *if not more embracing then,* John Nott's review of 1981 — itself largely vitiated by the Falklands war and its aftermath —are likely to be reinforced by yesterday's figures.

Mr Michael Heseltine, the Defence Secretary, repeated again yesterday that no review was contemplated. His civil servants, appearing before the *Commons Defence Committee's* current inquiry into defence spending, loyally rehearse his view that there is enough flexibility in the defence budget to avoid the need for cuts.

Yet MPs, service chiefs and other experts remain sceptical, fearing that cuts — whatever they are called—will soon be the order of the day.

The Government declared over a year ago that 1985-6 would be the last in which it *would honour its pledge to Nato* to increase defence spending by a real 3 per cent a year. The actual real increase for the year, *the White Paper revealed in a* new table yesterday, is likely to be a tiny 0.2 per cent although this Treasury figure is disputed by the MoD which claims, adjusting for the Falklands and for a carry-over of £251m from last year, the real increase will be 2.8 per cent.

However, the Treasury table shows that while the cash and 1987-88 increase from budget for 1985-86, 1986-87 £18.05bn to £18.56bn and to £18.87bn, there will be a *decline in real terms of some* 1.1 and 1.6 per cent in the latter two years. The calculations allow for 4½ per cent inflation *in 1984-5* and 4.5 per cent, 4 per cent and 3½ per cent in the following years.

There are *however* three key factors which could make even these predictions optimistic.

● The rates of inflation in the economy *as a whole are likely* to be higher than the 3-4 per cent allowed for by the Treasury in the later years, while inflation in the defence sector has historically been 1-2 per cent above the general rate. The Treasury maintains that this "Relative Price Effect" for defence does not now exist and yesterday Mr Heseltine seemed *to agree.* In any case, it has not allowed for an RPE this year, and is unlikely to do so in the future.

● Annual wages and salaries of the armed forces and Ministry of Defence civilians take 35 per cent of the total defence budget. Awards have exceeded the rate of inflation since 1979, but for *the past two years the Treasury* has insisted that the MoD funds the extra amounts. The Commons Defence Committee was *told last week that it expects to* continue to do so.

● Uncertainties over the dollar/pound exchange rate, in particular, seem certain to add to defence bills. For example around £1bn has been added to the costs of the Trident nuclear deterrent by falls in the dollar exchange rate since last March, when the cost was estimated at a total of £8.79bn over 15 years (calculated at $1.53 to the pound).

There are in addition three other *areas* where problems could arise:

● It is unclear how long the Treasury wil fund the Falklands *in addition to the defence* budget. Costs are put at some £3.2bn over 10 years, with £450m in 1986-7 and £300m—a newly disclosed figure—in 1987-8.

● The Royal Air Force is currently undergoing its biggest modernisation programme since the Korean war but both its current and longer-term budgets are under pressure, partly because of cost overruns and delays on the Nimrod early warning aircraft. This has exacerbated competition be*tween the RAF and the other* Services over available resources as the Army introduces major new improvements in Germany and the Navy tries to claw back losses under the Nott review.

● Britain, like its European Nato allies, is under pressure from the U.S. to increase spending on high cost "emerging technology" weapons for the 1990s as well as to improve Nato's more mundane infrastructure. The pressures may be more difficult to resist in future if, as seems probable, they are exerted more strongly by the U.S. Congress.

Mr Heseltine's answer to his critics is to point to the efforts he is making to improve efficiency and increase competition in defence procurement, as well as to transfer manpower and resources from the support "tail" of the armed services to *its front-line "teeth."*

But the Secretary of State also sets great store by the thesis that there is more flexi*bility in the defence budget* than meets the eye. Sir Clive Whitmore, permanent secretary at the MoD, told the Commons *Defence Committee last month* that 50 per cent of the defence equipment budget was uncommitted "three years from now," with 90 per cent being uncommitted in six years.

MPs were evidently sceptical —perhaps because several of them had heard Sir Frank Cooper, Sir Clive's predecessor, as frequently argue the reverse.

It is precisely this aspect of Mr Hesiltine's tenure at the MoD which most worries MPs, service chiefs and other *experts. The Defence Secretary* has set his face against a Nott-type defence review, for obvious political reasons. What worries them is that, in the words of War Studies Professor Lawrence Freedman, Britain will soon face "a prospect of incremental and opportunistic decline, as many items of new equipment are delayed, abandoned or diminished in quantity or quality."

Bridget Bloom

Coal strike hits state industries' finances

THE GOVERNMENT'S targets for control of nationalised industries' finances have again been missed by a wide margin in 1984-85. But the White Poper continues to present optimistic figures for the future, the main thrust of which is that gas and electricity will have to increase their profits to subsidise large *losses on rail and coal.*

The targets were thrown off course during 1984-85, principally by the effect of the miners' strike on the National Coal Board figures. But most of the other major *industries, with the excep*tion of gas, have underperformed on the Government's targets in last year's White Paper. The planned total of external finance for 1984-85 of £1.88bn has been exceeded by 41 per cent, the latest estimate out-turn being £3.21bn.

Nevertheless, the White *Paper shows that the* Government still hopes the long-standing drain on resources by state industries will end by 1987-88.

The total external finance is planned to fall by a remarkable 60 per cent in 1985-1986 to £1.32bn, slightly higher than the £1.15bn planned in last year's paper. *A further dramatic fall to* £178m in 1986-87 is planned, followed by the realisation of the Government's hopes in *1987-88* when there would be an overall net repayment of £110m.

It is difficult to see how this is going to be achieved, looking at what happened during the current financial year. The NCB's difficulties have raised its external financing limit in 1984-85 from a planned £1.4bn to £1.85bn.

Electricity was planned to make a net repayment to the Government of £740m but is now expected to pay over only £372m. The British Steel Corporation needed nearly twice as much as the £275m planned last year. British Rail needed £1.04bn compared with the planned £936m. The British Gas Corporation bettered its target of £100m net repayment and is expected to pay £188m to the Government.

Given the scale of these misses, 1985-86 plans look wildly optimistic, even allowing for the coal strike effects. *The NCB is expected to need* an EFL of only £723m, a cut of more than £1bn. Further rises in electricity prices are *inevitable if the electricity* supply industry is to be able to contribute its new target of £1.13bn to the Government *coffers in 1985-86 although* the White Paper says the price rise "consistent with the EFL would be below the *rate of inflation."* Gas is expected to make a net repayment of £352m and British Gas expects to remain self-financing *in the three years* to 1987-88 after paying a total £2.9bn in gas levy and taxation.

The *Post Office is* planned to contribute £70m. Girobank £3m and the British Airports Authority £21m. The rest will still be net takers of Government resources. British Rail is expected to need £918m, British Steel £360m, water £203m and London Regional Transport, a new entrant to the list having been taken out of local government control, is forecast to need £323m.

Last year's White Paper hoped that of £5.33bn total *capital requirements for* nationalised industries in 1984-1985 £3.039bn would be financed from internally generated *sources—a self-financ*ing ration of 55 per ceut. The new White Paper shows that of £5.26bn capital requirements only £2.05bn was internally financed—or 39 per

However, the Government *hopes to pull* the nationalised industries back on to a more self-reliant course in 1985-86.

Robin Pauley

Industry

As little as possible is still Government's policy

THE BROAD TREND of Government industrial policy remains the same: to have as little of an industrial policy as possible.

Expenditure by the Department of Trade and Industry is forecast to fall from its estimated level *in* the current year of £1.8bn, to £1.5bn next year, £1.4bn in 1986-87, and £1.15bn in 1987-88.

These figures would be a remarkable achievement. In cash terms, the DTI aims to halve its expenditure in the years between 1982-83—when total spend was £2.3bnw—and 1987-1988.

As is customary, the detailed assumptions in expenditure for the final two years of the survey period are not given: but some indications of the trends are clear. Regional development grants, which had accounted for nearly one-third of total expenditure, are dropping rapidly in both relative and absolute terms. From standing at £659m in 1982-83, the spend this year *has sunk to £356m, and is esti*mated to fall next year to £177m.

Much of the reason for this *is technical.* Under the Cooperative Development Agency and Industrial Development Act passed last November, responsibility for regional development grants in Scotland and Wales was transferred to the respective secretaries of state: that alone meant a reduction of 48 per cent in the planned provision for 1985-86.

Part is policy, however. The *Act sketched in a new regional* development grant scheme which links grants to the provision of jobs, seeks to improve the effectiveness of grants, and will lead to a "sharper focusing" of assistance. The effect will be to decrease provision on grants across the UK by 43 per cent.

By contrast, selective assistance to companies in assisted areas is forecast to rise. It has already gone up from £42m in 1980-81 to £68m this year: it will go up to £79m next year. However, selective assistance to individual companies and industries will go down, from a peak *of £137m this year to* £88m next year.

The category described as general industrial research and development is another big spender in the DTI's budget: it has grown rapidly from £102m in 1980/81 to a present £283m, and will climb (though more slowly) to £297m next year.

The White Paper comments that "*compared with our inter*national competitors, expenditure by UK industry on R and D is low and the Department's support is aimed at increasing this level. . . Over the past three years, applications for R and D support have grown rapidly, to reach some 2,500 in 1983/84."

Space technology is another moderately growing expenditure *within the Department, account*ing for £65m this year compared with £44m in 1980/81: the White Paper lays down a limit of £65m for next year as well as this.

The programme of support for aircraft and aero engine research is to fall slightly, from £34m this year to £32m next year: the promotion of tourism also stays level, at £34m this year and £33m next.

A jump in aid to other aerospace projects from £10m last year to £90m in this is explained by British Aerospace's participation in the Airbus A320 programme for the advanced technology short/medium airliner, and for a joint project between Westland Helicopters and Angusta, its Italian counterpart, to develop a multi-purpose helicopter.

Assistance in the shipbuilding industry goes down from £38m this year to £23m next; assistance to the steel industry declines from £51m this year to £24m next; assistance to BL has already ceased.

The DTI's own staffing is also set to fall—from 12,989 this April to about 12,442 in April 1988.

John Lloyd

Capital expenditure

Housing and transport to suffer most

PLEAS FROM the Confederation of British Industry and from Conservative backbench MPs for more capital spending to modernise Britain's infrastructure have clearly fallen on stony ground in the Treasury.

The White Paper envisages a further three years of real cuts in capital spending, in contrast with the small increases forecast for current outlays.

For the 1985-86 financial year housing, transport and other environmental services will bear the brunt of the cuts, most of which will be channelled through lower local authority spending.

The Treasury's broad definition of capital spending shows a 6.6 per cent real reduction in capital spending between 1984-85 and 1985-86 *followed* by cuts of 3 per cent in each of the following two years.

By including defence in the estimates, however, the overall figures mask the extent of the cuts in the rest of the economy, particularly those which are likely to hit the construction industry.

If defence is excluded, capital *outlays are forecast to fall* by 11.6 per cent in 1985/86, 4 per cent in the following year and 3.6 per cent in the year after that.

In cash terms the White Paper expects capital spending, including defence, to total £22.1bn in *1984/85, falling to £21.6bn in* 1985/86 and rising fractionally to £21.8bn in each of the following years.

The impact of the cuts on the construction industry is likely to be felt most in the housing sector. Spending on new dwellings and improvements to existing homes in 1985/86 is put at £2.3bn, a 9.5 per cent cut in real terms from the current year.

Local authority capital outlays on housing in England are expected to fall more than 50 per cent to £616m, partly reflecting the clampdown on home improvement grants.

The figures do understate to some degree the benefits of public spending for construction firms, since they exclude substantial expenditure on the *repair and maintenance of the* public housing stock.

In 1983, for example, it is estimated that the public sector spent about £6bn on repair and maintenance of its assets.

Such exclusions, however, do not necessarily affect the trend of capital spending, which on the White Paper plans will be relentlessly downwards.

Construction expenditure in the transport sector, for example, is forecast to fall by about 12.5 per cent in real terms to £965m in 1985/86, with local authority investment in roads one of the main casualties.

New construction investment by the electricity and gas industries will also be trimmed, but extra cash has been made available for capital spending on the railways.

Philip Stephens

Local government

Targets and penalties to go

THE NEW White Paper confirms by a row of blank spaces the Government's intention to drop its system of controversial expenditure targets for local councils after 1985-86.

The system of spending targets, against which increasingly severe penalty regimes have been imposed, has been widely criticised as arbitrary and unrealistic since it was introduced four years ago. It has failed to cut local spending down to levels demanded by the Government but has increased many authorities' rates and penalised some thrifty councils. Most important, the targets have been inconsistent with a separate set of Government expenditure totals which assess each council's spending requirement to provide a standard level of service.

The difference between the two totals has always embarrassed the Government and has been dealt with in public spending white papers through a separate column marked "local authority current expenditure not allocated to programmes."

Last year's White Paper showed the plans for this column as £660m in 1984-85, £400m in 1985-86 and £200m in 1986-87.

This year's paper fails to provide any outturn figures for this column for the current financial year or any previous years. It includes £600m for 1985-86, £200m more than indicated in last year's document, but then leaves the columns for all future years blank, indicating the intention to drop targets.

This does not, however, mean any relaxation in the Govern*ment's determination to make* local authorities carry much of the burden of reducing public spending.

Under the new Rates Act 18 English councils will have their expenditure limited by the Government in 1985-86. Overall English councils are required to cut their current expenditure, ranking for grant, by 0.6 per cent compared with their 1984-85 budgets—in real terms an overal cut of more than 5 per cent. Increases in the years thereafter are well below the projections for inflation, implying further real cuts every year until 1988. A cash rise of *just 2 per cent is planned for* 1986-87 and 0.9 per cent in 1987-88.

Such tight figures for local authority spending plans result each year in very large overshoots by councils, usually of around £1bn, which then have to be partially made up "*for realism*" in future white papers. This year is no exception. "In 1984-85 local authorities again budgeted to exceed provision for relevant current expenditure. The budgeted overspend was £1.057bn in England, £131m in Scotland and £21m in Wales."

"For 1985-86 the Government has increased the provision for this *spending* by £950m to £25.5bn."

The detailed figures for local authority capital expenditure show the extent to which Mr Patrick Jenkin, Environment Secretary, failed to head off the Treasury's *demands for very* substantial cuts. Capital spending on housing in England will be halved to £616m in 1985-86 compared with £1.22bn in the current year; capital spending on roads will fall by 2.4 per cent to £625m. The capital investment lobby has achieved nothing: total capital spending by councils in England is planned to fall by 29 per cent from £3.11bn to £2.2bn in 1985-86.

The main local authority services facing reductions are the Chancellor's *main dislikes* —the urban programmes and home improvement grants. More than £900m was spent on *improvement grants in 1983-84.* This was cut back to £778m for the current year and is now to "be lower than in recent *years." If it falls back to the* 1982-83 level improvement grant aid will be only £450m cash.

The urban programme is to suffer a 4.5 per cent cut in real suffer a 4.5 per cent cut in real terms by being held in of £338m compared with the £360m shown in last year's White Paper plans. In 1986-87 the plans now show a further cut to £317m cash, 17 per cent less than the plans for 1986-87 in last year's White Paper.

Robin Pauley

Social services

Standstill for NHS

A COMPLETE standstill in real terms in the resources allocated in 1985-86 to the National *Health Service and personal* social services is indicated in the white paper.

The total cash allocated in 1985-86 will be £16.5bn compared with £15.8bn estimated as the final cash expenditure for 1984-85, and this increase, of about 4.5 per cent, coincides exactly with the inflation forecast for the year.

The standstill is confirmed in a table giving real terms expenditure changes on a 1983-84 base. This shows spending on *health and personal* social services static at £15.1bn this financial year and next, then rising by 1.3 per cent in 1986-87 *and 0.6 per cent in 1987-88.*

These figures mean that between 1983-84 and 1987-88 expenditure will increase by only 4 per cent in real terms. But the green paper on the future of public spending published with the last Budget pointed out that the health and personal social services programme grew by about 16 per cent in real terms between 1978-79 and 1983-84.

So real terms growth is planned at a greatly reduced rate. In fact the demand for health and personal social services is growing rapidly because of the increasing pro*portion of the population which* is elderly and because technological advances are proving ever more expensive. It is unlikely *therefore*, that, even the present level of health and social services provision can be maintained if the expenditure *figures to 1988 are enforced.*

The new White Paper makes it clear that the main area from which it wants real reductions *is local authority personal social* services—residential and day care for the handicapped, children's day nurseries, home helps, social workers, meals on wheels—as part of the overall cuts sought in council spending.

Total net current expenditure by local authorities on personal social services is therefore shown with only a 2.1 per cent cash increase in 1985-86.

The National Health Serivce, on the other hand, gets a £600m net cash increase in its current expenditure budget. But this is only equivalent to the assumed inflation rate and it has already been decided that the NHS will *have to meet all pay and price* increases throughout 1985-86 from its own resources.

Robin Pauley

Civil Service

More job losses

CIVIL SERVICE numbers have been cut by more than 115,000 —about 16 per cent—since the Conservatives came to power in 1979.

Further reductions are planned and the White Paper reveals that the numbers target for April 1988 has been revised downwards from 593,000 to 590,000. The additional job cuts are expected to be made across the board with no Whitehall department bearing the brunt of the new, lower target.

Achievement of the 590,000 figure—which includes a 10,000 contingency margin — would mean that by April 1988 the Civil Service would have shrunk by almost 20 per cent in less than 10 years.

But the White Paper shows that staff cuts in local authorities have not kept pace with those in central government. It points out that manpower accounts for about two-thirds of local authorities' relevant current spending. Yet between June 1979 and Junst last year *Britain's local authorities* reduced their staff by only 4 per cent—94,000. Total numbers went down from 2.361m to 2.267m.

The biggest cuts in local goverment numbers came in the education service which fell by more than 80,000—7.8 per cent—between 1979 and last year. But as the White Paper points out, during the same period school rolls dropped by 11 per cent. The White Paper says firmly: 'The Government believes there is scope for significant further decreases in local authorities' manpower over the next three years."

Employee members in the *National Health Service rose by* some 7 per cent between 1979 and 1983 but sicne then have fallen. The White Paper reports *that between March 1983 and* March last year health authorities' staff numbers in England fell by 11,400—more than twice-*the reduction that had been* asked for.

Targets for health service numbers for March this year *will be much the same as for* last year in England.

UK-based manpower in the armed forces is scheduled to *fall from 325,900 in April last* year to 324,500 in April 1986. These figures are based on the manpower targets set out in the Defence White Paper but later commitments in the South Atlantic have led to them being increased. Yesterday's White Paper says armed forces numbers after 1986 are subject to review.

Sue Cameron

Employment

State faces bigger redundancies bill

THE STATE contribution to redundancy payments in 1984-85 is now expected to cost £27m more than originally planned.

Previous estimates had been based on the expectation that there would be 456,000 payments from the Redundancy Fund during the year. The latest forecasts indicate that the number may rise to 510,000. But *yesterday's White Paper* predicts a fall to 460,000 in 1985-86.

The extra cost of redundancy *payments is* more than *offset* by likely underspending of £120m on the Government's employment measures during 1984-85.

Provision for 1985-86 will grow slightly—largely as a result of expansion of the Technical and Vocational Initiative for 14-18 year olds, and the Enterprise Allowance Scheme which offers £40 per *week payments to unemployed* people setting up their own businesses. Allowance has also been made for the introduction of *a training loans scheme.*

The latest attempt to measure the cost-effectiveness of the Government's employment schemes shows that the Young Workers Scheme has, at £2,400, the highest net cost per person no longer unemployed and the lowest percentage impact on unemployment—20 per cent.

The scheme, which offers subsidies to employers who take on 17-year-olds at moderate rates of pay, reflects the Government's view that there is a link between pay rates and high youth unemployment. It has been attacked by trade unionists as a crude attempt to drive down young people's pay levels.

The scheme covered 71,000 young people in October 1984, and is expected to decline to 40,000 by March 1986.

Another measure, the Job Splitting Scheme—which aims *to encourage* more flexible working by giving grants to employers who split existing full-time jobs into two part-time ones—continues to attract only modest support. The number of people covered rose from 650 in October 1983, to 990 a year later. But the White Paper forecasts that it will extend to 6,000 people by March 1986.

Alan Pike

Post Office may seek 50% cut in engineering workforce

THE POST OFFICE is expected to seek a reduction of up to 50 per cent in jobs among its engineering workforce and the ending of non-compulsory redundancy agreements. A confidential document which advocates the reduction of up to 5,000 jobs was revealed yesterday by the Post Office Engineering Union.

The document, prepared by Mr Brian Roberts, the Post Office director of industrial relations, is seen as further evidence of a much tougher stance on industrial relations.

The corporation recently gave notice of unilateral imposition of wide-ranging changes in working practices in the sorting and delivery of mail if they were not accepted by the unions.

Proposed job cuts announced yesterday would affect the 5,000 engineers employed to maintain buildings and equipment and the 5,000 workers who look after the Post Office vehicle fleet.

The document, written at the end of last month, says a 10 per cent cut in jobs is envisaged in 1985-86 with a further 20 per cent over the next two years "which might be raised to 50 per cent."

Natural wastage, voluntary redundancy and retirements could account for some of the jobs, but the report adds that "compulsory redundancy will also be unavoidable."

□ GOVERNMENT approval was given for developing Hampshire's first oilfield at Humbly Grove, about 50 miles west of London. The field has recoverable reserves estimated at up to 18.5m barrels. Production of 2,500 barrels a day is expected early next year.

□ A £5.6M Welsh Venture Capital Fund was launched in Cardiff. It is a joint promotion by a subsidiary of Lazards, the merchant bank and the Welsh Development Agency. It will channel private finance into investment projects and growth businesses.

□ ACORN COMPUTERS, the Cambridge-based company, mounted a strong attack on the group's critics. Mr Christopher Curry, managing director said: "During the last few weeks there has been what seems like an orchestrated campaign in some sections of the press to run down the British computer industry in general and Acorn Computers in particular."

The company's share price has dropped recently partly because of reports that it had done badly in Christmas trading. Mr Curry said Acorn had more than doubled its computer sales last year.

□ FARES on many internal air routes will rise by up to 13 per cent from April 1 if the Civil Aviation Authority approves applications from airlines, including British Airways.

□ A MARKET for interest rate options is being developed in London. Butler Treasury Services, the money broking firm, has circulated potential clients with standard terms and conditions, and other firms are believed to be preparing plans of their own. An interest rate option allows the buyer to hedge against unfavourable movements in interest rates.

□ SCHLITZ, the U.S. beer produced by Stroh Brewery of Detroit, is to be distributed in England and Wales by Worldwide Beer Importers, a specialist division of Allied Breweries.

The beer has been imported into the UK for eight years by Rivinvend, a Scottish-based company, which will now concentrate its marketing of the product in Scotland.

Further squeeze on drug profits to cut health bill

BY CARLA RAPOPORT

Mr Kenneth Clarke, Minister for Health, confirmed yesterday that the Government intends to reduce the profitability of Britain's drug industry this year in order to achieve further savings on the £1.4bn National Health Service's drug bill.

Mr Clarke also confirmed that the Government's controversial plan to restrict the number of drugs available under the NHS will be modified. The restricted list has come under heavy fire from both the drug industry and professional medical bodies.

Mr Clarke stressed that a drug will only be eliminated from NHS use if a suitable, cheaper alternative is available. If such an alternative does not exist, the drug will not be restricted. He implied that the list currently excludes some drugs which will be reinstated. He also said allowances would be made for new, breakthrough drugs to be sold by the NHS, despite the restrictions.

Speaking of the new profitability curbs Mr Clarke said the target rate of return on capital employed for the drug industry would probably be reduced to 17 or 18 per cent, from 21 per cent. Until December 1983, the return was 25 per cent. Since the first cut in profitability, Mr Clarke said he had been informed of only one cancelled investment project by a UK company.

"We can make further savings on the Pharmaceutical Price Regulation Scheme and not damage the level of investment and research in this country," said Mr Clarke in an interview with the Financial Times yesterday.

The Association of the British Pharmaceutical Industry has already claimed that the restricted list will result in the loss of more than 2,000 jobs and will threaten or cancel capital investments of between £130m to £140m this year. A further cut in profitability, it says, will threaten more jobs and investment and reduce Britain's standing as a leader in drug research and innovation.

"There is no new climate of hostility toward the drug industry in Britain," he said. "We want them to invest here. I recognise that to do that, they need stability."

He stressed that the restricted list was not "the thin end of the wedge" aimed at restricting drugs in all therapeutic categories. "We have put a tight line around our box and we have no intention of changing the categories," he said.

The restricted list primarily applies to drugs for common ailments such as colds, influenza, anxiety, constipation and headaches.

Mr Clarke's comments were supported by Mr John Patten, Parliamentary Secretary for Health. "The drug industry's campaign appears in part to be an attempt to frighten the poor and elderly into believing that they will have to pay for essential medicines. This is not true. We have given a pledge that if a drug is really essential, it will remain available on the NHS," said Mr Patten at a conference in London.

Lisa Wood writes: A senior delegation from the British Medical Association met Mr Clarke last night to put forward alternative ideas for the restricted list.

Security clamp at trial

BY KEVIN BROWN

SIR MICHAEL HAVERS, the Attorney General, yesterday told the House of Commons why the trial of Mr Clive Ponting, Ministry of Defence civil servant accused of leaking confidential documents is to be held at least partly in secret.

Sir Michael said he was asked at the end of last week by Sir Thomas Hetherington, the Director of Public Prosecutions, for permission to vet the jury at Mr Ponting's trial on security grounds.

His consent to the vetting request was followed by an application from the defence solicitors for a copy of a Ministry of Defence document drawn up by Mr Ponting, setting out events leading up to the sinking of the Argentine cruiser, the General Belgrano.

"They recognised that certain parts of the document might contain intelligence information, and were prepared to accept a bowdlerised version," he said.

"Such a version could be extremely misleading, and I sought permission from the ministers concerned with security to use the complete version, but in camera."

Sir Michael's comments came as opposition MPs complained about tight restrictions on parliamentary discussion of the Ponting affair because of the impending trial, which starts at the Old Bailey in London next week.

Cash machine network launched

BY DAVID LASCELLES, BANKING CORRESPONDENT

A GROUP of 21 banks and building societies yesterday officially launched Link, their shared network of automated teller machines in the UK.

Eventually, 4m cardholders will be able to withdraw cash and get information about their accounts at some 800 machines around the country. This would make it one of the largest networks outside those set up by the big clearing banks.

The network, formally unveiled yesterday, has been in preparation for over two years.

The major partners are the Abbey National building society (with 220 machines planned), the Co-op Bank (more than 50), the National Girobank (180), the Nationwide Building Society (120) and Funds Transfer Sharing, a company owned by 17 UK and foreign institutions active in the retail financial sector (220–230).

The first machines will be set up this spring, but the full network will not be in operation for two years. Link members intend to install them at their own branches and in remote locations like airports and shopping centres where people need cash.

Although the partners say it is important to establish the Link name and will probably advertise it jointly, they will remain competitors in their respective markets. Each partner will also adopt its own scale of charges.

Technologically, they say it is the first network to be planned from the start. Other shared automated teller machine facilities, like that operated by National Westminster Bank and Midland Bank, were possible because the banks had compatible equipment.

Link, whose start-up costs were put at £15-£20m has been planned in such a way as to admit new members later on, virtually no matter what technology they use. It may also tie in with foreign networks enabling cardholders to withdraw cash abroad.

Although Link will enable many small financial institutions to reach much larger markets, its formation reflects the delicate political alliances that are forming in modern banking. The presence of Co-op Bank and Girobank, both fully-fledged clearing banks, in the group may look surprising, but neither was able to forge a satisfactory tie with the big clearers for competitive reasons.

However, Link could form itself into one of the new clearing groups proposed by the recent Child Report on the broadening of UK bank clearing system membership.

Other building societies, including the largest, the Halifax, have formed a separate group to tackle the cash machine market. Link is making a virtue of the fact that it is the first link up between different types of institutions.

John Hunt previews today's historic parliamentary debate

Peers prepare for television debut

TELEVISION will this afternoon show live a debate in the House of Lords. It will be the start of a six-month experiment in the Upper House and – with the exception of the state opening of parliament by the Queen – the first time that parliamentary proceedings in either house have been screened.

Until today, the public has to rely on press reports and, in recent years radio for the coverage of debates – apart from Hansard, the official record. The Lords has shown more enthusiasm than the Commons in welcoming television cameras and no fewer than 45 peers want to speak in today's debate. The motion to be discussed is topical enough – it calls on the Government to develop economic and social policies to unite the nation and to create employment rather than reduce taxation.

Lord Beswick, aged 72, an ex-chairman of British Aerospace and former Labour deputy leader of the Lords, will speak first as he put down the motion for debate. He will be followed by the Earl of Gowrie, at 45 one of the youngest peers, who is Chancellor of the Duchy of Lancaster and Minister for the Arts.

Lord Cledwyn, the Labour leader in the Lords, who will be making the opening speech for his party, is a felicitous speaker. The order of other speakers will not be decided until this morning but the star of the show could well be the Earl of Stockton, aged 90, the former Conservative Prime Minister Mr Harold Macmillan. His maiden speech in the Lords last year – made without notes – was widely regarded as masterly.

His elliptical wit could be matched by that other Tory grandee, Lord Thorneycroft, aged 75, the former chairman of the Conservative Party, who resigned when Chancellor of the Exchequer under Macmillan. When his booming tones ring through the chamber, the television audience will be listening to perhaps the only authentic upper-class cockney accent to have survived into 1985.

A discreet word has gone out to peers to keep their speeches short. Even if they obey, the debate could still last until midnight. In that event, viewers will be denied the delightful spectacle of seeing Viscount Whitelaw, the Government leader in the Lords, wind up the debate. Live coverage – which will be shown on both the BBC and ITV, the commercial network – is due to end at 7.05pm.

Although the four cameras will be permitted to focus on any part of the chamber, their lordships are relying on the good taste and discretion of the broadcasters not to show any ageing peers snoozing on the benches.

The peers themselves will also be on their best behaviour – there will be none of the rowdy scenes which sometimes disrupt the Commons. Nor will there be any theatrical antics from left wingers; by the time these noisy individuals have been elevated to the House of Lords, they have usually become respected senior citizens.

There are, in fact, virtually no rules of order in the Lords. If viewers should hear a strange rumbling noise, it will not be a fault on the television set, but merely the assembled peers showing their disapproval of a speaker who has talked for too long.

Beswick: first speaker in televised debate

Union will fight BL legal action

By Arthur Smith

UNION LEADERS voiced surprise and anger last night at the decision of Austin Rover, the car subsidiary of BL, the state-owned motor group, to seek damages against eight unions resulting from a pay strike last November.

Mr Moss Evans, general secretary of the Transport and General Workers' Union (TGWU) said the union would be defending itself against what he described as "an unjustifiable claim."

The TGWU was fined £200,000 for contempt after refusing to obey a High Court injunction which called on him to ask his members to return to work so that a secret ballot could be held as required under the 1984 Trade Union Act.

Austin Rover maintains that the strike cost lost production of 25,000 cars with a show room value of £125m. The unions, according to the size of membership, could each be liable for damage of up to £250,000.

Mr Evans said Austin Rover's action could seriously affect industrial relations within the company. Union officials representing the five manual and three white-collar unions at Cowley, Oxford, staged a protest yesterday by walking out of a consultation meeting arranged by the company.

The 30 shop stewards who joined the walkout returned after an instruction from management that they must sit and listen.

Tories challenge justification of EEC's £119m demand

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT yesterday faced strong criticism from Conservative backbench MPs over the proposed special payment of £119m to the EEC under last autumn's inter-governmental agreement.

Several Tory MPs, including supporters of Britain's membership of the EEC, challenged both the legal propriety of the payment and its economic justification. Their comments were made during a House of Commons debate on the necessary supplementary estimate, which is justified on the grounds that the Community is running out of money.

Earlier yesterday, the cross-party Treasury and Civil Service committee of the Commons said the payment, officially described as a "reimbursible advance," was contrary to the spirit of the EEC treaty which rules out the use of loans.

The committee also questioned the manner in which the money is being made available and expressed doubt about the recent EEC agreement on budgetary discipline.

MPs argue that the effectiveness of the machinery to control the rising EEC budget will depend partly on the political and diplomatic skills of successive UK ministers in monitoring the procedures, and partly on the self-interest of those member states who will shortly become net contributors. Without a legal framework to prevent abuse, the committee is "not convinced that the new procedures will prove effective."

In the debate, Mr Terence Higgins, chairman of the Treasury committee, said the proposal conflicted with the Government's general attempt to rein back public expenditure he said the measure was "very dangerous."

His view was reinforced by several other Tory members, both supporters and critics of Britain's membership of the EEC.

Mr Ian Stewart, the Economic Secretary to the Treasury, said the UK had agreed to the supplementary finance for the EEC only on the condition that the refund due to Britain for 1983 was paid, as it has been, and that an agreement was reached on budgetary discipline.

To deny payment now would only add to the problems of the Community, just when EEC members were at last committed to discipline in the financing of the Community.

For Labour, Dr Oonagh MacDonald, one of its Treasury team, argued that there had been no significant advance in reaching budgetary discipline and warned that some of the money now being sought might disappear in an entirely corrupt manner, citing recent reports of Mafia involvement.

Third report from the Treasury and Civil Service Committee, Session 1984-85; Special Supplementary Estimate (Budget of the European Communities), House of Commons Paper 158.

Sterling slide inflates defence costs

By Bridget Bloom, Defence Correspondent

THE SLIDE in the pound against the D-Mark could add nearly £100m to Britain's defence bill, MPs were told yesterday.

Officials from the Defence Ministry told the House of Commons defence select committee that the drop of 1 pfg in the rate of the D-Mark against the pound would mean an extra cost of £4.5m to the ministry.

Britain's present defence costs in Germany, mainly the British Army of the Rhine (BAOR), were calculated on the basis of DM 3.79 to the pound. At present rates of under DM 3.60, the extra costs to the defence budget could be £85m to £90m, or about one tenth of the total annual foreign exchange costs of BAOR.

Ministry officials told the committee that they did not expect extra funding for exchange rate losses from the Treasury. Major foreign exchange losses are expected on the Trident project if the pound does not recover markedly.

Special fund urged for elderly

BY ERIC SHORT

PENSION funds should consider using their rising assets to help finance the capital costs of a programme to alleviate the growing problems of the elderly, Mr Michael Pilch, a director of Noble Lowndes and Partners, a leading firm of pension consultants, said yesterday.

He told delegates to a Financial Times conference – Pensions in 1985 – that pension funds, in return for their tax privileges, should be required to invest 10 per cent of all new contributions in a special fund.

Mr Pilch, who was chairing the conference on its first day, said that social services could barely cope with the existing population of the frail and elderly. The number of people absolutely dependent on social services would grow over the next two decades. A considerable investment in geriatric units, nursing homes, sheltered housing and domiciliary services would be needed.

He envisaged that pension funds, in a social compact with the Government and opposition, would provide funds for this programme, with a modest index-linked return guaranteed by the Government.

Mr Tony Newton, Minister of State for Social Security and the Disabled, told delegates that the Government's review of the social security system had been completed and the conclusions would be published early this year. He claimed that the review had been the most far-reaching since the Beveridge Report over 40 years ago.

The Minister pointed out that, although there were still many pensioners within the poverty trap, pensioners as a group had improved financially. The balance of poverty had shifted to the low-income families. The review was concerned with a rebalancing exercise to ensure resources went to the relief of those in real need.

Mr Bill Ashley, policy adviser on pensions to the Confederation of British Industry, reiterated the CBI's warnings to the Chancellor of the Exchequer not to remove existing tax relief on pension funds. Such moves, including any move to tax lump-sum payments, would be opposed by the CBI on grounds of cost and fairness.

Referring to the proposals for a system of personal pensions, he put forward the CBI's suggestion of a three-tiered system, with personal pensions on top of state and company schemes, instead of as an option to company provision.

Mr Tom Heyes, chairman of the National Association of Pension Funds and head of the investments department of ICI, pointed out that, as far as pension scheme investments were concerned, the wheel had come full circle.

As recently as five years ago, pension fund managers were criticised for not achieving a real rate of return. Now they were being criticised for making too much money. He said that the actual situation lay between the two extremes.

On the subject of measuring investment performance, he emphasised that fund managers were coming under increasing scrutiny. He felt that the current state of performance measurement, which made no allowance for risk, was far from precise.

Mr David Malcolm, chief investment manager of Royal Insurance, was also critical of the emphasis placed on short-term performance measurement when related to long-term fund investment. He felt that the majority of funds had no cause for concern about the quality of investments of their assets.

He supported the role of employee representatives on trustee boards and found that, where such trustees had access to first-class research facilities, they provided a stimulus to the quality of performance.

Mr Edgar Palamountain, chairman of the Wider Share ownership Council, said he disagreed with the view that pension funds were long-term investments and that portfolio management could be virtually disregarded. He held the view that the long term was a series of short terms.

Mr Clive Wolman, savings correspondent of the Financial Times, concentrated on the distribution of gilts in the portfolio between index-linked and conventional – where he felt fund managers were being unimaginative about index-linked – and the longer-term underperformance of funds on their UK equity portfolios.

Dr Giovanni Tamburi, chief of the social security department of the International Labour Office in Geneva, compared pension structures in European countries. Most had adopted a two-tier or three-tier design, but the levels of benefit within each tier and the funding methods varied.

He considered that the state would exert a growing influence in pension provision, particularly in controlling the private sector.

Miss Margaret Grainger, chairman of the Occupational Pensions Advisory Service, spoke of the growing need for communication with scheme members. Mr Dryden Gilling-Smith, managing director of EBS (Management), spoke on pensions for executives.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Acorn: high tech but low lustre

Jason Crisp on the challenges facing th UK computer group

AT FIRST sight Acorn is just the sort of glittering, high-technology entrepreneurial success story of which this government dreams. It would appear to be a thriving example of a company in the very sort of sunrise industry needed to revive Britain's flagging economy.

In six years Acorn has become a leading supplier of personal computers with pre-tax profits of £10.8m on a turnover of £93.2m in the year ended June 1984. The company's success has been based on the BBC microcomputer which was linked to two TV series and is widely used in schools and colleges. As a result Acorn is of similar size to the two other high-flying UK personal computer companies, Applied Computer Techniques, specialising in business machines, and Sinclair Research with its low-cost home computers.

However, the City has clearly given the thumbs-down to Acorn. Recent items of bad news, such as pulling out of the U.S. market and rumours of poor pre-Christmas sales, have sent the company's share price plummeting from a peak of 193p to a low of 43p on Monday, though they put on 6p following yesterday's announcement.

"Acorn was a beautiful story this time last year but it's all gone horribly wrong," says James Dodd, an analyst at stockbrokers Fielding Newson-Smith. "You can't help but contrast the company with ACT."

Why is the city so sceptical about Acorn? The basic problem is that it is seen as a one product company and there is growing concern whether the management can succeed in new ones in the same way that ACT and Sinclair have done. Despite this image, however, Acorn does have extensive plans to enter new fields. Ironically, it is planning so many new ventures that it is now criticised for spreading itself too thinly. The argument is that too many new product launches will be expensive and may lack proper support and direction.

Meanwhile the highly successful and well-regarded BBC microcomputer still accounts for the bulk of Acorn's revenues. But that income is threatened because the four-year-old BBC micro increasingly looks aged, expensive and uncompetitive. Sales of the BBC did hold up well before Christmas but the much cheaper Electron fell disappointingly 25 per cent below target.

A further problem looms because there is wide agreement that Britain's remarkable computer boom is over. This is particularly important to Acorn as it is largely tied to the UK, having failed, at considerable expense, to break into the U.S. education market. The company has limited sales in European countries such as West Germany and the BBC micro is made under licence in India, Mexico and the Irish Republic.

That failure has not enhanced outsiders' view of Acorn's management and has added to the doubts about the company's ability to diversify into other areas. They compare it with ACT which raised $20m for its attack on the U.S. market mainly through outside finance thus limiting its own potential loss if things go wrong. Acorn's total costs for its failed U.S. venture may top £12m.

Joint venture

In the next few months Acorn is entering the highly competitive business computer market and is planning a low cost terminal for home and business. In the medium term it is planning to produce receivers for direct broadcast by satellite TV and has a joint venture to develop a computerised home control system.

Chris Curry, founder and managing director of Acorn, is concerned about the perception of the company as being essentially one-product. "I am amazed when we talk to the City how little they know of the breadth of our activities. I think we are still regarded just as a hardware operation."

Nevertheless about two-thirds of Acorn's income currently comes from the £399 BBC computer. Most of the remainder comes from the £200 Electron. Yesterday Acorn announced it would cut the price to £129 matching Monday's price-cuts announced by Sinclair Research.

The BBC computer was first launched in 1981 linked to a television series on "computer literacy" which ensured its success. The BBC micro has become the most widely used in education with over 70 per cent of that market.

The critical question now is how long can the BBC Micro last? In the fast-changing world of home computers some products last as little as 18 months. The BBC has lasted as long as it has because of its acknowledged quality and expandability.

In comparison with new computers appearing on the market the BBC is expensive and has rather a limited memory—an important factor in the type of programs which can be used.

Retailers have never been very keen on it because of the poor margins, partly a result of the royalty paid to the BBC on every machine which ranges between 5 per cent for large retail chains and 10 per cent for smaller outlets. Several major high street chains are likely to stop stocking the BBC micro soon. Although the recommended price has not fallen from £399, discounting has become widespread and just before Christmas it was being sold at £369 in W. H. Smith. But one leading retailer said: "I think it has had its day, even if it cost £299."

Acorn still appears unwilling to make a general cut in the price of the BBC in spite of yesterday's reduction for the Electron. However it will now allow owners of any brand of micro a £50 trade in when buying a new BBC. And to preserve its vital education base it will shortly announce details of an "Acorn micros in schools scheme."

Inevitably Acorn's performance in the home and education market has to be compared with that of Sinclair Research. While Acorn can only boast one success, Sinclair has launched four different computers—the ZX80, ZX81, Spectrum and QL—over a similar time-scale. Three of the four have proved to be huge sellers and the fourth, the QL may yet be.

Acorn's new move into business computers is regarded with considerable scepticism both in the industry and the City even though it would now appear critical for the company's future growth. Curry hopes the Acorn Business Computer will account for about 3 per cent of turnover in 1985 rising to 25 per cent the following year.

Chris Curry announcing a price cut for the Electron yesterday

Acorn announced no less than eight possible versions of the ABC last autumn although it is expected only to produce two initially — they should become available in limited quantities this month. Ross Nathan, chief executive at marketing consultants Romtec, says: "The ABC faces a very, very tough task. They are joining the other 200 manufacturers in the field and merely having the hardware does not help. There is no evidence of any real investment in applications packages or the establishment of a serious dealer network."

Acorn's problem is that the business market for personal computers in the UK is dominated by ACT and IBM, both of which have substantial software available for their computers and are sold by the leading dealers. A long way behind are powerful corporations such as Olivetti, Wang, Digital Equipment, Hewlett-Packard and Apple

Many observers think the company has put its considerable technical efforts into the product with little thought about the market. Martin Horsely at stockbrokers Kitcat and Aitken says: "Their technology management is good but they are much weaker on the marketing side. The BBC sticker has made it very easy for them in the past. I feel they are going to have a tough time."

John Rowland, computer buyer at W. H. Smith comments: "They did the development and engineering on the ABC before they looked at the markets. Most dealers would tell you they need a new range of business computers like they need a hole in the head."

However, Acorn says it does not aim to compete directly with ACT or IBM. The most basic business machine is to be aimed at a number of specific vertical markets such as farmers, doctors, lawyers, dentists and garages with special software. The very powerful versions are for the scientific and research community.

The second major product launch this year is the Communicator. This is a universal low cost terminal which combines personal computing with telecommunications and would be sold both to business and to homes and costs around £600. Curry says it will compete and significantly undercut a product like the One Per Desk from ICL which was developed in conjunction with Sinclair.

With heavy losses in the U.S.—probably £6m in the current financial year—profits are not expected to be high this year . . . one analyst says £10m at best and probably much less. The company is expecting a turnover of £120m in the current financial year which Curry would like to double next year with help from the ABC range and the Communicator.

No-one questions the technological excellence of Acorn. It has a large and highly qualified research team which has strong links with Cambridge University. It is, however, accused of having become too complacent because of its easy success with the BBC micro. It has yet to prove it is capable of organising a similar success on its own and until it does it is unlikely the City will change its opinion.

Unquoted high flyers

Tim Dickson on a register of private companies

DETAILED INFORMATION on public companies — with a few notorious exceptions—is readily available in the UK. But useful statistics about private companies are much harder to come by.

The latest attempt to fill this gap in the market lies in a publication called Growth Companies Register 1985, a list of 1,000 of the fastest-growing unquoted businesses in Britain, information on their profit and loss accounts and balance sheets, and the people who run them.

Compiled from the latest filed accounts of 60,000 companies on the data base of the ICC information group (which, in turn, gets most of its data from Companies House), the register is the brainchild of the former publisher of Your Business magazine, Roy Assersohn. (Assersohn, a long-time City editor of the Daily Express, left the monthly publication, which he helped found, and sold his minority stake in the middle of last year.)

Among its conclusions, the register shows:

● Manufacturers accounted for 589 of the 1,000 companies identified. They showed an average growth in pre-tax profits in their latest trading period of 166 per cent, against 189 per cent for the 411 wholesale, retail and other distribution and service companies.

● Metal goods and engineering was the most bouyant sector, with the 91 companies in this category averaging a 256 per cent growth in pre-tax profits. The ten computer and component companies followed with average profits growth of 226 per cent.

● The 37 transport, haulage and travel companies showed the highest average return on capital at 76 per cent.

Perhaps the most striking (and encouraging) feature of the publication is the preponderance of engineering and other traditional businesses, such as textiles, clothing and food manufacturers and construction groups.

Assersohn's aim has been to highlight those companies which appear to have the best prospects for growth. As he points out, only 40 per cent of the 1.5m companies currently registered at Companies House are trading (the remainder have either been wound up or have been kept as "shelf" companies). Figures from the Inland Revenue in 1984, meanwhile, showed that 297,000 of the "active" companies reported nil profits chargeable to tax in 1981, while another 234,000 showed profits of under £50,000.

Assersohn says 380,000 trading records were examined to select the 1,000 top growth businesses. All quoted companies, PLCs, subsidiaries and companies whose shares are traded on the unlisted securities market and on the over-the-counter market were excluded. The remaining private companies had to show minimum profits of £50,000 in the latest trading year, a minimum of two consecutive years' growth with the middle year in profit, and latest filed accounts no earlier than the year ended October 31 1982.

The pretax profit increase in the latest trading year over the middle year, rather than turnover, was taken as the "growth" yardstick. (Assersohn says that very few cases were distorted by tax planning.)

Besides individual information on each company (name, description, address, telephone number where possible, date of accounts, profits, turnover, profit margin, capital employed, return on capital, directors' emoluments, and names of directors), the register also shows the ten companies with the highest pre-tax profits, the highest turnover and the highest directors' remuneration (see table). Companies in the top ten profits table include Christian Salvesen, Hillsdown Holdings, two insurance brokers, the furniture manufacturer, Hygena, and B. H. Blackwell, the retail bookseller.

The thousand companies are sorted into 33 standard industrial classification groups to provide average performance figures for each sector.

But while the material is only as good as the information filed at Companies House—and while it remains to be seen whether customers will pay for regular updates of this information as Assersohn hopes—the register undoubtedly highlights many of the most exciting unquoted companies in Britain.

* Available from Growth Data Services, 26 Red Lion Square, Holborn, London WC1R 4RL. Tel. 01-242 9462. Price £95.

HIGHEST DIRECTORS' PAY (PRIVATE COMPANIES)

Company name	Year end	Total payout per company £000	Number of directors	Average per directors £000
Walsham Bros. (Lloyds Insurance Brokers)	3.83	855	4	213.7
Business Intelligence Services (Management Training Services)	2.83	814	9	90.4
Anslow-Wilson & Amery (Lloyds Insurance Brokers)	3.83	649	8	81.1
Jarvis Porter (Printers)	2.83	586	9	65.1
Dorling Kindersley (Publishers)	6.83	553	5	110.6
Towry Law (Holdings) (Insurance Brokers)	6.83	504	6	84.0
Edward Lumley (Insurance Brokers)	12.82	479	5	95.8
A. H. Wilson (Building, Property Investment)	12.82	475	6	79.2
Mansfield Originals (Ladies' Clothing)	6.83	444	2	222.0
Computers Management Group (Computer processing & consultancy)	12.83	431	7	61.6

TECHNOLOGY

EDITED BY ALAN CANE

AEROSPACE, AUTOMOBILE COMPANIES PLAN TO RECOVER LOST GROUND

State backing for ceramics club

BY ELAINE WILLIAMS

A SCHEME drawn up by the aerospace and automobile industries to develop engineering ceramics has received the support of the Department of Trade and Industry.

It has provided seedcorn finance — believed to exceed £100,000 — to a club of gas turbine designers led by Rolls-Royce. A similar club of automobile and diesel engine companies including Ford and British Leyland is also seeking funds for ceramics work.

This is seen only as intermediate provision. The Department is still awaiting Ministers' response to a secret report, prepared by Harwell and submitted nearly a year ago, which called for a multi-million pound investment in these new materials.

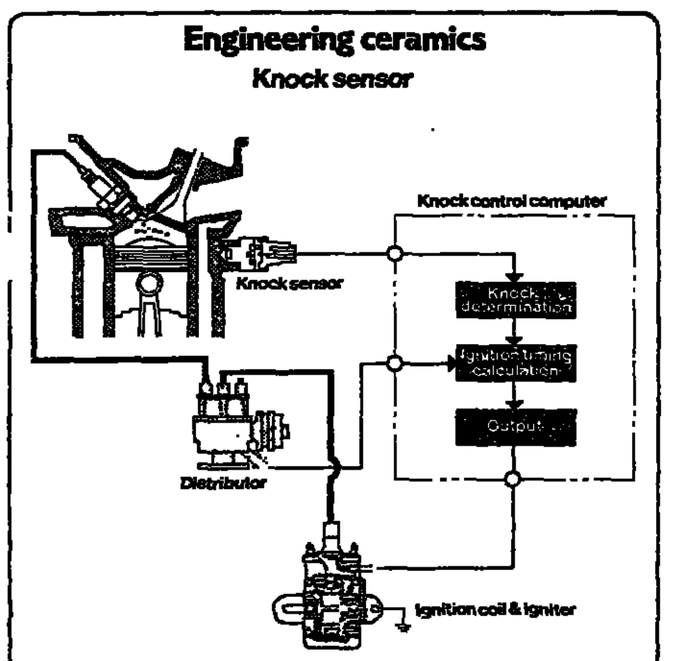
> The engine club is still formulating proposals for submission to the Department of Trade and Industry.

Britain is rapidly falling behind Japan, the U.S., West Germany, and even Sweden in ceramics research.

Why is this important? The chief reason is the level of improvement to be achieved in engine performance through the use of these materials. Gas turbines with ceramic components are more efficient. They operate at higher temperatures where conventional nickel alloys melt. Ceramics will reduce or even eliminate air cooling of turbine blades and may allow smaller engines of equivalent power to be built.

In diesel engines, ceramics will play a role in insulating parts of the engine and reducing component wear. Ceramics will also make possible efficient turbo-charged diesel engines.

Cummins and the U.S. Army Tank - Automotive Command (TACOM) has designed an uncooled six-cylinder diesel with zirconium oxide-coated parts. The two organisations have been working on the project since 1975 and intend to start production of a 14-litre version in two years' time.



Toyota sees wide application for ceramics. For example, in a sensor which detects engine "knocking," the sensor is made from a complex ceramic of lead, zirconium and tin

The gas turbine and reciprocating engine consortia in the UK—known to include organisations such as Advanced Materials Engineering, Associated Engineering Developments, Lucas CSVA, BL Technology, National Gas Turbine Establishment and other Government-owned research organisations — are anxious to catch up with other countries.

The engine club, more formally known as the consortium for Ceramic Applications in Reciprocating Engines, is still formulating proposals for submission to the Department of Trade and Industry.

Some 12 projects for gas turbines have received funding under the now halted Support for Innovation scheme. Dr Geoff Meetham at Rolls Royce said that most of the projects centred around developing suitable manufacturing processes, understanding the behaviour of ceramics particularly under the stress conditions within a gas turbine and overcoming the defects inherent in all ceramics. Composite ceramics may be an answer here. The characteristics of several materials are combined to reduce the effect of the flaws.

The strength of a ceramic is governed by imperfections in the material. Ceramics are usually formed by a sintering process, where mixtures of powders are heat treated to form a solid. Here the packing of the powder into a mould or press is critical to reduce flaws.

Several families of ceramics oxides and complex oxides like clays, for example — occur in nature. Now these have been joined by other types—carbides, nitrides, silicides, borides and halides—both natural and man-made in answer to the engineers' call for stronger, lighter and cheaper materials.

Silicon nitrides and carbides show the most promise for turbine blades and turbine shroud rings. Rolls-Royce has tested such components on a helicopter engine in the laboratory but it will be a few years before ceramic components are part of a flying turbine.

The Japanese are particularly interested in its applications to aero and car engines so are looking for high temperature ceramics that withstand shock. Japanese companies are confident that mass produced ceramic turbines will be flowing out of their factories within the next two to three years.

This month, for example, the Japan Chemical Engineering Company announced that it had developed a new range of ceramics capable of withstanding temperatures up to 1,700 deg C with a hardness close to diamond.

This material is based mainly on a powder containing silicon carbide and graphite with some other ceramics such as aluminium oxide, silicon nitride, and ferrosilicon mixed with a solution of potassium silicate. The ingredients are blended to form something resembling paint and can be sprayed on to metal or firebrick for applications in furnaces, for instance. It is under evaluation by about 20 Japanese companies.

> The Japanese are particularly interested in aerospace and car applications.

Japan is estimated to have more than 1,000 engineers working on ceramics. All the major electronics and engineering companies are involved with developments including Sony, Mitsubishi Heavy Industries, Ishikawajima-Harima Heavy Industries and specialists such as Kyoto Ceramic and NGK.

Engineering ceramics already have well established roles. One exploits the electrical or magnetic properties of ceramics. These include for example, electrical insulators, semiconductors, gas detectors and piezo-electric devices which are used for many forms of electronic transducer. The world market for these ceramics is about $2.5bn.

The second area is in surface coatings to produce tougher cutting tools in metals finishing, for example. Within this sector also comes medical applications such as experiments to make ceramic instead of metal hip joint replacements which will be lighter and stronger.

COMPUTER PERIPHERALS

Disk store comes in compact 8-pack

BY ALAN CANE

THE COMPUTER business thrives on low cost memory. When magnetic cores were king, IBM cut its manufacturing costs from 5 cents to 0.03 cent a core in 15 years and that fuelled much of its success with System/360 and S/370.

Today it is repeating its past success at the top end of the scale with its 3380 direct access storage device. This is a large sealed Winchester drive capable of storing 2.5 gigabyte (20 thousand million bits) of data.

Many of its competitors are in disarray. Control Data decided to get out of the IBM-compatible memory business after months of problems with its 3380 equivalent, the 33800.

Storage Technology, which filed for bankruptcy under the protection of Chapter 11 of the U.S. Bankruptcy Code late last year, has abandoned plans to build high capacity optical storage devices after spending more than $130m.

So what kind of company plunges into the memory market at this stage. What can it offer that is new and original?

Tandem Computers of Cupertino, California, does. It is best known as a pioneer of "fault tolerant" computers, machines which will not stop operating because of the failure of any single component.

The trick is duplicated hardware and clever switching software.

Tandam seems to have taken a leaf out of its own book in its first foray into the high capacity memory market.

Its new disk storage device packs eight separate 168-byte Winchester drives in an a single cabinet, giving a total of 1.3 gigabytes.

The device is aimed, as is IBM's largest drive, at customers processing large number of transactions on line and so needing access to large volumes of data.

The Tandem machinery is best noted for its high transaction processing capability.

In its new memory, eight actuators are used making possible eight requests for information to be handled simultaneously.

Each request for information handled (disk access) takes an average of only 20 millionth of a second, the company claims.

The cabinet containing the drives is six feet square, the most compact in the industry according to Tandem.

The new memory is for Tandem users only—it is compatible with Tandem's other disk drivers and with its disk controllers but not with other industry standards. So there will be no direct competition with IBM.

But Tandem spawned a host of imitators for its fault tolerant processors—it remains to be seen if the same will prove true of its memories.

CONSTRUCTION

Test for corrosion

A QUICK way of finding out if concrete reinforcement is corroding has been introduced by Taywood Engineering, a subsidiary of Taylor Woodrow Construction.

The instrument is based on the principle of corrosion potential. This involves placing an electrode of copper along with copper sulphate—a half cell—in contact with the concrete surface. The instrument can measure the size of the electrical potential between the bar and the electrode. This gives the extent of corrosion.

Taywood has improved this basic technique by using a wheel as a contact tip which gives a continuous read out of the corrosion potential. The half cell is also based on a silver/silver chloride construction.

The wheel is fitted with a rotary shaft encoded to measure distance travelled and the instrument is connected to a chart recorder to provide hard copy output for testing large areas of reinforcred concrete. The speed at which the wheel can be drawn over the concrete is limited to about one metre every five seconds because of the chart recorder's limitations.

The company is also working on other versions of the instrument including one which will allow direct computer analysis.

Research

Simulating volcanoes

TWO RESEARCHERS in an American laboratory are attempting to build their own miniature volcanoes.

Information from the experiment should help planners to evaluate the extent of the emergency from eruptions of the real thing. With the laboratory hardware, researchers should also obtain data that aids the search for new forms of energy from geothermal sources.

In the work, at Los Alamos National Laboratory in New Mexico, Kenneth Wohletz and Robert McQueen are building model volcanoes from steel canisters. These contain a molten mixture of aluminium and iron oxide—these substitute for the materials found in real volcanoes in magma or molten rock.

The researchers add water to start an explosion. Depending on the volume added, the model produces particles of up to 2 cm in diameter or a fine dust cloud.

The explosions mimic the interaction of magma with surface water in an eruption of the earth's surface. In this process, particles from the volcano are ejected as a spray enclosed in superheated steam.

From the experiments, the scientists hope they will be able to relate the size of the particles emitted by volcanoes with the energy and steam associated with such eruptions.

In particular, they plan to be in a position to predict the kind of explosions likely from a volcano that has specific geological characteristics. In simple terms, volcanoes are categorised into "oozers," where the lava flows out slowly, and "exploders," where violent eruptions occur.

Examples of oozers are the volcanoes found on Hawaii in the Pacific. These are far less dangerous than volcanoes of the other type. Success in labelling volcanoes in the way planned by the Los Alamos team could help disaster-relief workers to save hundreds of lives in real explosions.

Part of the hardware used by the Los Alamos workers comprises electronic microscopes with which they analyse the debris from the eruptions to produce data on size and shape. This aids in the study of the impact by real eruptions on the atmosphere. For instance, scientists think that the dust clouds emitted by El Chichon in Mexico has greatly affected the world's weather.

PETER MARSH

Communications

Radio paging

BRITISH TELECOM Radiopaging is offering a new pocket pager that can display up to 70 characters and can receive messages virtually anywhere in the UK.

When the holder of the new Message Master is paged, he sees a message of a dozen words or so that can be sent by the caller either via the Telex or Datel services or can be read over to the Radiopaging operator.

A flashing light and a "bleep" alert the user, who can keep up to 10 messages in an electronic store in the pager for future reference.

Message Master costs £75 a quarter for direct input and £84 a quarter if operator relaying of messages is needed. The charges are for one zone only; service in additional zones is charged at £4.50 per quarter per zone.

Office

Computer printer

A MULTIMODE dot matrix printer from Olivetti, the DM850, is now available in the UK and offers letter quality printing (double pass) at 40 characters per second) and lower quality at 96 cps or 192 cps.

Claimed to be particularly quiet, the printer is software-compatible with many application software packages including Wordstar, Lotus 1-2-3, Multiplan, and Data Base 2. Its RS 232, eight bit parallel and current loop interfaces make the DM850 fully compatible with IBM, DEC, ACT and Olivetti personal computers.

A choice of print modes and graphics resolutions up to 288 x 96 dots per inch is provided by a print head with 18 needles in two row and a life of 300m characters. More on 01-785 6686.

THE ARTS

Television/Christopher Dunkley

One step forward for democracy

On Monday most of Britain's nine major daily newspapers led their front pages with television stories. The Daily Mirror chose a rumour that Julie Goodyear would leave Coronation Street, and the Daily Express continued the oil opera: "I won't give Dallas back!" Although the Sun led on the NUM's windfall, following the pound/dollar slide, the largest picture on page 1 was a *Crossroads* still.

There was nothing very unusual about that. In the past 30 years the popular Press has turned full circle, from fear and loathing of television, and a refusal in some cases even to mention the dreaded medium which, with ITV just arriving, was then seen as a threat to Fleet Street advertising revenues, to a position today in which television is a major selling point, often occupying more space in the papers than anything else, including sport.

However, it was the subjects chosen on Monday by the more serious newspapers which really concern me. The Financial Times, The Times, The Daily Telegraph, The Guardian and the Daily Mail all led on either the prospect of new coal talks, or the fracas inside the Labour Party, or both. In every case the stories were either directly inspired by or at some stage relied heavily upon, remarks made by Neil Kinnock on ITV's *Weekend World* and Arthur Scargill on BBC1's *This Week Next Week*. Furthermore, all the popular papers used the same material somewhere, most choosing it as their page two lead.

It is not, I believe, too cynical to suggest that it is Press attention of this sort, achieved over a number of years by London Weekend's *Weekend World* as much as any ratings hopes, which decided the BBC to launch *This Week Next Week* as a Sunday series this winter. The fact is that with Sunday being such a dead day (no Parliament, courts, shops) newspapers often find themselves short of good material to fill Monday's papers, and a Sunday lunchtime television programme which attracts major statements from politicians and other public figures stands a good chance of being noticed and quoted.

David Dimbleby (left), Brian Walden and Peter Jay

What's more the very reason those public figures are available—the fact that it is Sunday—also means that abnormally large numbers of MPs, journalists, civil servants, and, most significant of all, television executives are able to watch. The result is that *Weekend World*, without ever achieving enormous ratings, has atracted an extraordinary amount of attention from "opinion formers" and won considerable prestige. *This Week Next Week* (which has been carefully scheduled not opposite *Weekend World* but immediately after it) has joined the bandwagon and achieved a similar effect in a matter of weeks.

But are they good programmes? Politics, as distinct from current affairs, has never been one of television's strong points. From the early days' when the BBC's shameful self-denying ordinance (and then the appalling "Fourteen Day Rule" of 1955) prevented television even discussing an issue during the fortnight prior to a parliamentary debate, until today with the SDP seeking to impose "fairness" rules, politics has been a desperately touchy subject.

Panorama can go to Africa and make pointed programmes showing American tourists guzzling Champagne and ballooning across the game parks while the Africans starve below, as it did this week, but imagine the uproar if they sent their cameras out one evening to look at the Hooray Henrys in Annabel's and then the dossers up the road in the Embankment gardens.

To be fair neither *Weekend World* nor *This Week Next Week* declares itself to be exclusively concerned with politics. Only one series does: Channel 4's *A Week In Politics*. Yet the three programmes are remarkably alike. Each relies heavily on an intelligent and fairly tough chairman — Brian Walden on ITV, David Dimbleby on BBC1, and Peter Jay (the original chairman of *Weekend World*) on C4 — all three programmes are too fond of Westminster, and all three rely too heavily on known and trusted faces.

So far as the presenters are concerned, I am still irritated by Walden's brilliantined hair and his speech mannerisms ("bwoadening the party's appeal... diswuption by the far left") yet he is an adept politician, and wins my admiration again and again by asking the right questions, and pursuing them in such a way as to ensure either an answer or a clear evasion damaging to the interviewee.

Jay causes surprise by still insisting after all these years on reading long, verbose questions from a script, even when fencing, for instance, with Leon Brittan, a habit which works just like Brecht's "alienation effect" in distracting the viewer's attention from the subject and focusing it on technique.

For his new programme Dimbleby (David that is, brother Jonathan does not start his *TV-am* breakfast series on Sunday mornings until next month) seems to have donned mental tweeds. The atmosphere, no doubt intentionally, lacks the tension and rigour of conventional political or current affairs series and has a definite Sunday feel to it. Much as I admire Ralph Steadman the titles and the studio decoration are an error, and should be changed, but the colour supplement idea of a filmed "Day In The Life Of" can at least serve to take us outside London however briefly.

Obviously any serious political programme must spend time in Westminster and will be more concerned with party leaders and their lieutenants than with those on the lunatic fringes. Nevertheless the lazy concentration on the Hattersleys, Owens, and Parkinsons (Cecil, of course, whose rehabilitation moved a stage further with his appearance on *This Week Next Week*) does rapidly become tedious even for those of us interested in party politics — especially for us, perhaps.

The most promising political programme ever mounted on television was BBC1's *People and Power*, also chaired by David Dimbleby, which arrived in spring 1983 and departed soon after. It took the first steps in making television's approach to politics comparable to that of a good serious newspaper such as the FT, a move which will have to be made again and with more determination one day if television is ever to grow up.

This very day, however, we shall see British television make perhaps the most important advance in all its history on the path to proper political programming. Though the House of Commons still holds the electors at arm's length with its ban on television, Charles Orr-Ewing will create an historic precedent shortly after 2.15 this afternoon when he rises in the House of Lords to ask a question about the number of computers in our schools. BBC1 and Channel 4 will broadcast the scene live and stay for the debate on the Government's economic policies, the informed view being that the Earl of Stockton (Harold MacMillan) will steal the show.

And doesn't that very phrase — "steal the show" — justify the Commons' resistance to being televised? Of course not. Parliament with all its ritual and panoply (as well as its pantomime, which we shall come to) is in part a show just as royal occasions such as coronations are partly "shows." It was the politicians who opposed televising the Queen's coronation and a shrewd Royal Family who talked them into it. What harm has television coverage done the Royal Family?

Politicians who oppose the televising of the House almost always claim that parliamentary affairs will be misrepresented, in other words that television will not give a truthful picture. Yet when you press them closely you discover that their real fear is precisely the opposite: that television will tell the truth.

They do not like the idea of viewers discovering that frontbenchers put their feet up on the central table in the Chamber, or that shouts of "Four eyed git!" are not unknown.

They dread the thought that post dinner debates will be of particular interest to television because of the winding up speeches and the divisions since they know that by that time of night some MPs have had a drink (or even two) and behave accordingly.

Theirs is the fear of the powerful down through the ages, be they barons, priests, freemasons or politicians: that secrecy is strength, that the *hoi polloi* mustn't find out, that those who have knowledge must stick together, stay mum, and guard the arcana. When David Dimbleby and Glyn Mathias appear on BBC 1 and C4 at 2.10 pm this afternoon to introduce the first live debate from Westminster all true democrats, recognising the thin end of a vital wedge, will raise a hearty cheer.

Ashley Ashwood

Alexander Goehr

The Financial Times Lecture

Do We Need Modern Music?

The second Financial Times Lecture was given last night by the composer Alexander Goehr before an invited audience at the Barbican in London. The title of Professor Goehr's lecture was *Do We Need Modern Music?*

Professor Goehr said that modern music was being written in abundance just now—art-music could never before have been so widely diffused and appreciated. Our culture was cumulative, building the new upon the old, and never had this been more true than in the 20th century. But, he said, with so much variety, the difficulty became one of focus on obtaining pleasure from individual pieces. The many different ways of listening to musim showed that there was no correct way: what mattered was the contract between musician and listener, and if the conditions of the contract were twisted, a problem arose.

The history of the development of Western musical thought was, he suggested, the history of that problem. An ability to cause confusion had been deliberately exploited by composers from Wagner onwards; in the early years of this century, disruption was a widely avowed aim, though art did depend on a certain balance—between supplying elements that hooked the listener and then removing the props.

The situation changed after the Second World War. The ideal of the new *avant-garde* was constructive, the creation of a new formal language. But the aim had not been fulfilled, because there was no balance in the means adopted for the task; the blandishments of the technological society had brought the creator too close to it. The danger was that the listening had been made part of the "real world": the frame of art had been removed, and with it the sense of special occasion in which all music has evolved and flourished. All music, said Professor Goehr, could now be interpreted as a series of gestures — which in fact removed the difficulties traditionally associated with the perception of new music.

But if he found this a limited activity, a placebo, he believed it remained important all the same, because watching the development of artists as demonstrated by their product was a way of understanding the world around us. He added that he believed that if was right to aim at compositional practice and form that increased the effect of the individual elements of the music. The resonance of the simplest musical relationships, and the pure excitement of working with them, provided the real answer to his title question.

The full text of Professor Goehr's lecture will be available shortly, free of charge, from: The Press Office, Financial Times, Bracken House, Cannon Street, London, EC4. (01-248 8000, extension 4123.)

Temporale/Théâtre de l'Europe, Paris

Michael Coveney

Strindberg's *The Storm*, performed in Italian by Giorgio Strehler's Piccolo, Milan, company, is the latest offering at the Odeon, the Paris base of Strehler's three-year Theatre de l'Europe project. This achingly beautiful production, in its treatment of parental melancholy and dream-like recollection, has obvious links with Strehler's work on *The Tempest* and *L'illusion*. But on its own terms this is a major event. Although this first of Strindberg's four 1907 chamber plays has in the past attracted such directorial maestri as Reinhardt and Bergman, it remains virtually unknown. In Britain we know *The Ghost Sonata* and *The Pelican* from that quartet; *The Storm* has not been produced.

Even by Strindberg's standards, the piece is unusually personal and despairing. The playwright had been separated for five years from his second wife, Harriet Bosse, who had just fallen in love with an actor. Strindberg's fear of losing his daughter to a step-father informs the Gentleman's sadness. This central character has maintained the apartment and its photographs, clocks and furniture as a shrine to his memories. He has retreated from the real world, sharing his fragmentary thoughts with his brother, a diplomat, and a sweating café proprietor.

Unknown to the Gentleman, his ex-wife Gerda has returned to the house and taken an upstairs apartment with a shady character (he could be a pimp or a card sharp, even a dancer) and her daughter. Gerda is suffering at the seen but unheard Fischer's hands, and wants the Gentleman to help her divorce him. The unscrupulous Fischer runs off with the café proprietor's daughter and Gerda, after a recriminatory session with her ex-husband, leaves with their daughter. The other young girl returns. The Gentleman, cared for by an attentive but undemanding female relation, is left once more to contemplate his silent house and the lighting of the street lamps.

Tino Carraro in Temporale, Paris

The tragedy lies in Gerda's destruction of the Gentleman's way of remembering the past. Her intrusion is an act of premeditated vandalism, as far as the Gentleman is concerned. Strehler, brilliantly and lucidly, both preserves this element while giving Gerda her own pathos and appeal. Edmonda Aldini is a sensual and vivacious actress, green-eyed and flame-haired, and she projects a wonderful blend of terror and regret as she fondles her beloved piano, and discovers the broken thermometer still in the drawer to which a marital row once consigned it.

An electric storm crackles throughout, and Strehler's exquisite lighting plot has a snapshot, discreet strobe system which conveys an atmosphere of heat and danger, while pinning the characters to the blackness in a series of revelatory flashes. The house is glimpsed behind a large diagonal plastic glass screen, which is now transparent, now curiously reflective. There is nothing accidental in this shimmering, pellucid vision. The Milan team of Ezio Frigerio (designs), Franca Squarciapino (costumes) and Fiorenzo Carpi (music) have conjured with Strehler a stunning, but uncluttered spectacle. The play remains an intimate one, not overblown. The acting is rigorous and emotional, just as the play comes across as both private and gestural.

Strehler does not mess about with the play, but he does make some beautifully judged rubatos, most noticeably in the elision of the second and third scenes (the play is in three scenes, given without an interval, running time 1 hour 40 minutes). When the Gentleman lights a match, the small time-filling deed becomes effortlessly loaded with remorse and then a muted incendiary reflex. Tino Carraro in his impeccable white suit and battered hat resembles a cross between Sebastian Shaw and Max Wall. The Gentleman's lost happiness wanders disconsolately across his face which is as flickeringly and ambiguously illuminated as are the tantalising drawn curtains.

To select one of the production's great moments: Strindberg's Gentleman is pained to hear a snatch of Chopin's Fantasy Impromptu Op 66 wafting into ear shot; Carraro's response is to linger helplessly over the downstage keyboard, then suddenly unleash a complementary, diabolic pianola version with his furiously pedalling feet. Like the show, it is frightening, seductive, plangent.

'A Passage to India' is 1985 Royal Film

The British production of *A Passage to India* has been selected for the 1985 Royal Film Performance, which will take place on Monday March 18 at the Odeon, Leicested Square in the presence of Queen Elizabeth The Queen Mother.

Shot on location in India and Britain, *A Passage to India* was directed by David Lean and heading the cast are Peggy Ashcroft, Alec Guinness, James Fox, Nigel Havers, Judy Davis and Victor Banerjee.

Reluctant Heroes/Nottingham

B. A. Young

There are great grown men in their 40s today who never knew the *splendeurs et misères* of conscription into HM Forces, so it wasn't only nostalgia that kept the Playhouse audience laughing at Colin Morris's play. The reactions of assorted conscripts, newly plunged into this apparently dotty world, are the special element of the first of recall them will find them all the three acts. Those who the funnier for the authenticity of their staging; those who don't will find them funny for their very dottiness, as the apparent madnesses of barrack-room life follow one another—kitting-out with wrong-sized gear, injections against unheard-of diseases, severe routines whose only object seems to be routine.

Against this scene, we have the varied reactions of three men from widely different circumstances—Morgan the clerk (Andrew Fell), Tone the rich playboy (Rupert Vansittart) and Gregory the traditional Lancashire comic, admirably done by Donald McBride, his face like a squashed strawberry below his untidy beret.

The other two acts return to the more usual business of farce. In the second, embarrassment is engendered by the illicit presence of ATS girls in the barrack-room. In the third, alleged to show a corner of a military exercise, the wrong people are always in the wrong place at the same time, as effectively on an Army manoeuvre as in a country vicarage or an Oxford college or anywhere else.

James Tomlinson's direction keeps everything as authentic as Colin Morris's writing and Ruari Murchison's designs, for the min-barrackroom, its meticulously polished stove emitting meagre puffs of dry ice and the deserted barn with its farce-load of doors, lacking only the occasional rat, are bank on the mark.

The playing of the three conscripts is first-class and their conventional shouting sergeant is well played by Ben Roberts. The three girl-soldiers, not very deeply entrenched in such plot as is needed to carry the fooling, demonstrate how sweet girls can look in what seems to my sexist eye such inappropriate kit.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 18–24

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

WASHINGTON

The Marriage of Figaro (Folger): The company's own adaptation of the Beaumarchais script will also use Mozart's music and da Ponte's libretto in an ambitious eclectic production. Ends March 10. (546 4000).

Royal Shakespeare Company (Opera House): With Broadway enthralled with the repertory productions of Much Ado About Nothing and Cyrano de Bergerac, stars Sinead Cusack and Derek Jacobi are bound to have a successful Washington run as scheduled until Feb 17. Kennedy Center (254 3770)

LONDON

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Phedra (Old Vic): Glenda Jackson remarkable as the nearly incestuous tragic queen in a thrilling production by Philip Prowse. Costumes of shot silk and taffeta, and Robert David MacDonald's translation bravely takes on the challenge of Racine's untranslatable Alexandrines. Gerard Murphy, Tim Woodward and Georgina Hale in a strong cast. (928 7616).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

TOKYO

Kabuki (Kabuki-za): Kuruma Biki, Kagami Jishi (traditional New Year's lion dance), Shuten Doji, and Oshu Adachigahara which contains one of Kabuki's most moving scenes where the blind Sodehagi clad in a thin kimono in winter comes with her daughter Okimi to her father's house to beg forgiveness for marrying their enemy. (Matinee). Evening performance: Keya Mura, Nezumi Kozo, Ninokuchi Mura. This last by Chikamatsu stars Utaemon, one of the greatest onnagatas (player of female roles) and the talented Senjaku. The plot centres on Chubei who, in order to finance his relationship with his courtesan-lover, embezzles a large sum of money. Trying to evade his pursuers he brings her to his home town, Ninokuchi Village. But he dare not go to his father's house. A typical Kabuki ending of Chubei taking his father's hand in a silent farewell, the snow cascading down on the black kimono-clad lovers in their suicide scene wrings the last ounce of emotion from the audience. The combination of spectacle and powerful sentiment is also typical of the New Year kabuki. English programme notes and excellent earphone commentary. (541 3131).

FINANCIAL TIMES SURVEY
Wednesday January 23 1985

Arabian Trading

Leading merchant houses have suffered a cut in net revenues by as much as 75 per cent, but by European standards the profits of well-managed companies are still good.

Two generations of two of the Arabian Peninsula's leading business families: On the left Yusuf bin Ahmed Kanoo, who was in business from the first decade of this century until 1945, and one of his great-nephews, Ahmed bin Ali Kanoo, who is chairman of the family's company today. Far right, Yusuf Zainal Alireza in the 1930s. Yusuf was a son of the first member of the Alireza family to arrive in Jeddah in 1840. He manage dthe family company in the inter-war years. With him is his son Mahmoud, one of the directors of the modern company, Haji Abdullah Alireza & Co.

Hit hard by fall in oil revenues

THE REVENUES of the Arabian Peninsula oil states have been cut nearly in half in the last three years. In 1981 the combined oil, gas and investment income of the six countries — Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar and Oman — ran to some $170bn; last year it was about $100bn.

By MICHAEL FIELD

The big trading houses, the family conglomerates that are involved in every business in the states from importing and manufacturing to contracting and real estate, feel that they have been hit hard by the fall in income and the recession that has followed it.

From the comments of the owners and their Western managers it seems that the average trading house has suffered a fall in turnover of about 25-30 per cent in the last two years.

After government revenues began to fall in 1982 the recession took longer to arrive than most businessmen expected—mainly because the Arabian private sectors were generating more of their countries' gross national products than had been realised. They were doing more business among themselves and were therefore less dependent for their prosperity on a high level of government spending than they had been in the 1970s.

However, from the autumn of 1983 the drop in sales has been severe and the fall in profits has been dramatic.

The cautious and conservative men who have built most of the leading merchant houses are even more reluctant to talk about profits than about turnover figures, but from odd comments, again, it emerges that they have suffered declines in net revenues of as much as 75 per cent.

Even so, as the general manager of one of the biggest Gulf trading houses put it recently, by European standards the profits of well-managed companies are still "rather nice."

Managers say that they hope that the market will plateau in 1985 (though they fear a continuing slight decline) and then they predict with forced confidence that they will begin building their companies again in 1986.

Whatever happens they will be operating in a very different market. Even if government revenues were to be higher, which they might be at the end of the decade but not before, there would not be a return of high state spending on construction simply because most of the major projects have been completed.

It is not only contractors that are affected by this. In the past two years there has been an especially big decline in the markets for construction materials and equipment, machinery and trucks. These were the bases of the business of most of the biggest trading houses in the 1970s, particularly in Saudi Arabia. Here government spending was highest and the population was somewhat poorer than in the Gulf states, which meant that it bought fewer consumer goods.

In the rest of this decade, as in the last two or three years, the major areas of expansion will be non-durable consumer goods (particularly modern, packaged foods), operation and maintenance services directed mainly at the governments as clients, and sophisticated electronics.

For potential industrial investors there are opportunities for making more complex types of products—electrical goods, foundry products and intermediate chemical goods—than have been manufactured in Arabia so far.

Impact

The overall picture will be of a market orientated more to the private sector.

The shakeout being brought about by the change is healthy, it is argued by big companies and governments, once more with slightly forced confidence.

According to a member of the Saudi Government, speaking privately at the end of last year, the recession " . . . is the best thing that has happened to our society." He added: "For the first time we see people looking at decisions—why should I buy these cars for the company, why should I give this expatriate a villa when I know he has an apartment at home? People are looking carefully for the best source of materials—it's something that is normal in the West but had been forgotten here.

"Suddenly there's a big demand for used cars. Every week there are auctions of second-hand contractors' plant. Now people can no longer just hold on to equipment, they sell it."

Another aspect of this rationalisation and belt-tightening involves companies becoming more specialist. In the past it was the practice for Arabian trading companies to take on virtually any agency they were offered and to branch into any sector of the economy that seemed to be growing; now companies are shedding agencies.

For example, in Dubai the Futtaim Group has got out of commodity trading, freight forwarding (of the removals type—it is still in cargo forwarding) and agricultural supplies (other than equipment). It is enjoying a resurgence in demand for high value European watches.

One of the company's competitors, Galadari Brothers, has abandoned consumer electronics, where the competition is savage and the market shrinking as the Asian labourer population declines, but is investing heavily in a chain of Baskin Robbins ice cream parlours, which should appeal to an increasingly bourgeois Arab population.

These types of changes in all the well-managed companies have been accompanied by a reduction of staff, virtually all of whom are expatriates, with consequent savings in housing and air fares. In the Futtaim Group's Toyota operation staff have been cut from 760 to 550 in the past 12 months.

Companies that have not changed with the recession are simply fading away. Government officials are even more hard-hearted in commenting on this than they are on the economies being forced on healthy firms. According to the Association of Saudi Chambers of Commerce, "many of the companies that are in difficulties shouldn't have been there to start with . . . those companies that expanded too fast and relied too much on personal contacts to get things done will be no loss."

The companies with problems, contractors especially, have tended to blame their misfortunes on late payments by government authorities trying to improve their cash flow, and there is no question that ministries and other agencies have been delaying their payments by stretching their approval of work carried out over unreasonably long periods. But it has emerged in the last few months that those companies that have collapsed or have had to reschedule their loans have mainly their own mismanagement to blame.

The contractor, Carlson Al Saudia, which ceased operations at the end of last summer, had bid too low for its projects and had carried out work incompetently, which has made the Saudi authorities feel wholly justified in withholding payments.

Bank debt

The well established Ali and Fahd Shobokshi company had to reschedule its $400m of bank debt partly because its contracting subsidiary had failed correctly to assess the scale of work required on two projects.

It also had the bad luck to be hit by the downturn of the Saudi market before it was earning income on some of its major investments outside the Kingdom. It was hoping to fund the completion of these projects partly from Saudi cash flow.

Another company that has been forced into negotiations with its banks, Halwani Brothers, has over-invested in its food processing factories. These are highly integrated—which makes them very impressive to visitors—but for precisely this reason their costs have been too high.

It is assumed in the Arabian Peninsula that the difficulties of a few major family companies will be temporary; the firms that are disappearing are small ones with little-known names.

What is happening often in these cases is that the owners fail to monitor their monthly profits or losses and are unaware of how bad things are until they simply run out of cash or their bank telephones them to say they can have no more credit.

Then they radically reduce their trading. They fire staff and stop ordering new stock, but they do not often formally go bankrupt. They feel that their honour is at stake (even if it might pay them to be declared bankrupt) and they have their large families behind them.

Also, in some states there are no proper bankruptcy laws, and in the UAE banks find it difficult to obtain execution of court judgments against people who owe them money.

How the agency regulations operate

THE COMMERCIAL Agency Laws of the six Gulf Co-operation Council states are broadly similar. They cover the distribution and sale of goods and the provision of services (including sponsorship of foreign contractors), but only sales agencies will be discussed here.

Kuwait and Qatar distinguish between:

1 (a) A contract agency, where the local agent acts on behalf of the principal for an agreed commission;

***1 (b) A distributorship, where the local agent buys from the* principal and acts on his own behalf; and**

2 A commission agency, where the local agent acts for an undisclosed principal.

The principles which are common to all states are as follows:

CONTRACTS should be between the agent and the original producer or manufacturer in the country of origin, except where the producer does not undertake distribution.

REGISTRATION of agency contracts with the appropriate Ministry of Commerce is necessary to give legal standing. (Information on the detailed steps to be taken for registration in each state may be obtained from local Chambers of Commerce and Industry, embassies, banks, law and accounting firms).

EXCLUSIVE RIGHTS entitle an agent to remuneration on all transactions in his area of operations, even if such transactions have been concluded directly with the principal or through *another intermediary, and the agent has not been involved.*

Products which are the subject of a registered agency may not be imported by another person for the purpose of trading, without the consent of the agent. (How far this applies to goods for an importer's own use is a matter for local interpretation).

THE OBLIGATION of the agent to provide adequate spare parts and service facilities for motor vehicles, engines, machinery and equipment may only be waived where it is agreed that such facilities are readily available within the agent's territory.

Omani and Saudi agency laws specify the agent's obligation to supply consumers with all guarantees normally given by the original manufacturers.

TERMINATION of an agency agreement (including non-renewal of a fixed term agreement on expiry) entitles the agent to compensation, unless the principal can prove negligence or breach of contract. All states except the United Arab Emirates specify reciprocal compensation rights, if the agent suddenly withdraws *his services to the detriment of the principal.*

RE-REGISTRATION of the agency in the name of another agent is not permitted, unless the previous agency has been dissolved by mutual consent or by decision of a disputes committee or local court.

Bahrain

LAW: Commercial Agencies Law No 23 of 1975 and Ministerial Order No 13 of 1975.

THE AGENT: A Bahraini national or a company owned at least 51 per cent by Bahraini nationals. The Ministry of Commerce and Agriculture may determine the number of agencies held by one agent.

EXCLUSIVITY: Only one agent *may be appointed* for each product or range of products. It is not normally possible to clear goods through customs without a local agent.

REGISTRATIONS: Must be renewed every two years.

TERMINATION: If the principal terminates an agency agreement unilaterally without proving justification, the Ministry has the power to ban the import of goods covered by the agreement.

DISPUTES: The Ministry tries to bring the two parties to an amicable settlement, but if its efforts fail recourse is to the local courts.

Kuwait

LAW: Registration of Commercial Agencies Law No 36 of 1964 and certain provisions of the Commercial Law No 68 of 1980.

THE AGENT: A Kuwaiti merchant (i.e. registered member of Kuwait's Chamber of Commerce and Industry) including Kuwaiti companies owned at least 51 per cent by nationals.

EXCLUSIVITY: A principal may appoint more than one agent for the same product in the same area, but since only contract agents and sole distributors are protected from ter*mination of the agency without* compensation, local distributors are unwilling to accept anything less than exclusive rights.

CONTRACT: Must specify in writing the agent's scope of authority, the activities to be undertaken, the method of calculating the agent's remuneration and the duration of the *agency. If the agent is required* to erect showrooms or other premises, the duration must be at least five years.

DISPUTES: Commercial agency disputes fall within the jurisdiction of the local courts. In the *event of termination* without amicable settlement, the agent has 90 days in which to bring an action for compensation. A new agent suspected of "collusion" may be jointly liable.

Qatar

LAW: Decree No. 12 of 1964 Commercial Agency Operations (as amended), and Decree No. 16 of 1971 Civil and Commercial Law.

THE AGENT: A Qatari national or a 100 per cent Qatari-owned company, except in the case of an industrial company which may be at least 51 per cent nationally owned.

EXCLUSIVITY: The law does not require agents to be appointed on an exclusive basis, but *the Government buys its* supplies (through the State Purchases Department) only from exclusive agents. Foreign exporters may sell direct to (private sector) customers in Qatar.

DISPUTES: Commercial Agency disputes fall within the jurisdiction of local courts.

United Arab Emirates

LAW: A Federal Commercial Agency Law (No 18 of 1981) came into effect in February 1982, with up to a year's grace period for bringing practice in individual Emirates into line.

AGENT: *A UAE national or 100* per cent nationally-owned company. (Some foreign and joint-venture companies have retained previously-held agencies by registering them in the name of UAE partners).

EXCLUSIVITY: An agent with exclusive rights over clearly distinguished products or ranges of products may be ap*pointed in each Emirate, or for* a group of Emirates. (It is common to have one agent for Abu Dhabi and another for Dubai and the Northern Emirates, although the biggest Dubai merchants operate throughout the federation). Goods not covered by a registered agency agreement may (by implication) *be sold direct to any licensed* importer.

DISPUTES: A Commercial Agencies Committee is empowered to adjudicate in disputes. The committee was formed by Ministerial Decree No 5 for 1982 but has not yet published any decisions.

Saudi Arabia

LAW: *Ministerial Order* No. 1897 of 1401 Hijra (1981), implementing the relevant provisions of Royal Decree No. 11 of 1382 Hijra (1962). This is complemented by a Model Agency Agreement issued by *the Ministry of Commerce.*

THE AGENT A Saudi national or a 100 per cent Saudi-owned company.

EXCLUSIVITY: An agent with exclusive rights over clearly defined products or product ranges may be appointed in each province, or for the whole of the Kingdom. (A single agent is unlikely to be able to provide adequate coverage.)

Within his territory the exclusive agent may appoint *sub-distributors for whose obli*gations he is responsible. Although foreign exporters may sell direct to the private sector, an agent is essential if the exporter is to hold stocks within the Kingdom or to offer after-sales service.

CONTRACT: In the form of the Model Agency Agreement, ex*panded where necessary.* A certified Arabic translations of the agreement and any other supporting documents which are in a foreign language must accompany the application for registration.

DISPUTES: Disputes which cannot be settled amicably are referred to the Committee for Commercial Disputes in the Kingdom of Saudi Arabia, or to a local arbitration body set up in accordance with Royal *Decree No. 46 of 1403 Hijra* (1983).

Oman

LAW: Royal Decree No. 25/77 of May 1977.

THE AGENT: An Omani national of at least 10 years standing who is a member of the Chamber of Commerce and Industry, or an Omani company owned at least 51 per cent by nationals. The Government may limit the number of agencies held by each agent, or the *number of agencies* in each area.

EXCLUSIVITY: The law is enforced by customs authorities only in respect of motor vehicles, machinery, electronic and electrical equipment. Other goods may be sold direct to any licensed importer.

An Agent appointed to cover *the whole Sultanate* is considered to have an exclusive agency for registration with the Ministry of Commerce. Non-exclusive agencies cover separate regions and are recorded in a secondary register.

The Government may import goods on its own or through merchants appointed for that purpose, without reference to the registered commercial agent.

DISPUTES: *An arbitration com*mittee, to which professional judges were appointed last year, is empowered to settle commercial agency disputes, fix appropriate compensation and impose fines. The committee's *decision is final.*

Mary Frings

So many pitfalls in choosing an agent

Agency practice

MARY FRINGS

AN OMANI agent for British-made *Dexion industrial* and office shelving lost a £1m (OR 450,000) compensation claim just over a year ago, when the manufacturer sought to terminate the agency unilaterally after four or five *virtually wasted years.*

Dexion not only won the right to change its representative, but had a counter-claim for a nominal £20,000 against loss of potential earnings upheld, on the basis of the agent's failure *to hold adequate stocks to meet* agreed sales targets.

The case is notable for its extreme rarity, and dozens of exporters around the world are stuck with unsatisfactory agents in the Gulf because they are too *difficult or expensive* to shift, even when the specified term of an agency has expired.

Agency agreements are held to be concluded jointly for the benefit of both parties, hence termination or non-renewal should be by *consent.*

Where a local merchant feels an agency is not of much value to him, he may be willing to negotiate a reasonable settlement under which the principal reimburses him for any costs incurred, buys back (or arranges for a new agent to acquire) remaining stock and spare parts at current market value, and adds a sweetener for "loss of expected profits" as the price of his consent.

If the principal takes an ungenerous line or the agent's demands are considered excessive, mediators (usually from the local Chamber of Commerce and Industry) may be called in to help the two sides reach a compromise.

But where a local merchant digs his heels in, the principal must either prove legal justification for opting out, or face the risk of punitive damages. In the meantime, his business *comes to a full* stop because he cannot sell direct nor appoint a new agent while the case is in dispute.

Lean and hungry

*Unless there is clear-cut evi*dence of breach of contract, it is much easier for an agent to claim "apparent success in distributing and promoting the sales of the principal's products" (Oman) than for the *principal to prove otherwise*, even though he may be convinced that sales volume could be increased 100 times over. For this reason very few exporters take legal action, unless the market is particularly promising *in their world-wide scale of* operations.

This often means that "lean and hungry" agents on the look-out for new lines cannot get their hands on them, and good business opportunities are *missed—a point put forward by* Mr Keith Allen, the British manager of a young Bahraini company, Trans-Gulf Consult.

"When we were getting started four years ago we were asked if we would represent a U.S. pump manufacturer in Bahrain. I looked at the product range and it was super stuff which would sell itself. But the company had appointed an exclusive agent back in the seventies and he has punctiliously re-registered the agency ever since. He has hardly sold a single pump and no one else has either."

Trans-Gulf represents about *40 companies,* mostly *in* the construction industry, without registering any agencies. To get a product launched in the market (particularly if it costs more to ship than to make), Allen is prepared to work on *margins as low as 2½ per cent,* or £1 a cubic metre on insulation material.

Although non-registration means he has no legal protection, he says he has only been cheated once: "I reckon if you *cannot trust the people you are* dealing with, any agreement is just toilet paper."

As a pointer to the kind of relationship he has with his principals, he cites the cheque for £145 which he received from *Armitage Brick, representing* commission at 3½ per cent on a consignment he did not even know about. He also expects his principals to understand and accept the conditions dictated by the market.

For example, it is often difficult to get prompt payment on supply contracts in the Gulf, so if the agent has to give 60 or 90 days credit the supplier also has to be prepared to wait that long for settlement of his bills.

*There is an increasing ten*dency for principals to try and write sales targets into their agency agreements, but such targets should be realistic. In Oman, where there are *200,000* cars (of all makes) on the road, W. J. Towell declined to take the agency for NGK spark plugs because the *Japanese* manufacturer wanted the company to buy 500,000 plugs at the outset and *increase its uptake by 20* per cent every year.

In general, the parties to an agency agreement are free to negotiate their own financial terms and there is nothing in the agency laws to limit either commissions or profit margins. However, government price controls cover a number of consumer products in Bahrain, while the mark-up on the landed cost of cars (which can of course be artificially invoiced at a higher cost) *is limited to* 15 per cent in Saudi Arabia, 18 per cent in Bahrain and 25 per cent in Oman.

Lower margins

In the present recessionary climate, where discounts and credit facilities are given to maintain turnover, car dealers' margins are probably much lower, but at the luxury end of the consumer goods market buyers are not *price-conscious* and astronomical profits are made.

Since a keen agent can have a critical effect on business and an inactive one can be a permanent liability, it follows that an *appointment should be made* only after intensive research and consultation. This is not possible during a two or three day visit, although personal contact is a vital part of the selection process.

At the recent ArabBuild Exhibition in Bahrain, the export manager for a Dutch manufacturer of porcelain sanitary-ware said his main criterion was the *ability* to create showrooms in prime locations: "Our lines need to be seen to be appreciated, because they cannot compete on price with lower-quality products from Italy and Taiwan."

Display may also be important in the case of cars, furniture and fashion wear, and popular retail outlets for electrical and household goods and foodstuffs. Exporters of construction materials, on the other hand, may place more emphasis on the agent's willingness to go out and market the product, and ensure that it is properly used.

While principals should always check on the reputation and financial standing of a potential agent, they should also bear in mind that the "prime names" already have several hundred agencies and may not give a new one the attention it deserves.

In Saudi Arabia there is a move to direct foreign suppliers and contractors towards up-and-coming agents, in order to spread the business around and encourage private enterprise.

The question of geographical coverage can be a tricky one, since the exporter who appoints an agent for Kuwait or Iran may find that his Dubai agent is *directly* or *indirectly* selling into the same terriory. Almost anything can come across the land borders into Oman, while in return Suhail and Saud Bahwan conduct a flourishing trade in Japanese cars and consumer goods, from Buraimi Oasis into Saudi Arabia and the UAE.

PROFILE: UNITAG

Fast travel to the top five

JAMIL AMIN WAFA, chairman and chief executive of the fast-growing Unitag Group of Bahrain, is a workaholic. In the words of one of his closest colleagues (who was also at his desk when all the secretaries had gone home), "he never sleeps."

Management is decentralised and the executive vice-president of each of the 23 autonomous companies within the group is free to put up his own schemes and to pursue them within the corporate strategy. There is a weekly meeting to pool information and co-ordinate activities.

Energy, aggressiveness, commercial acumen and good organisation must all have played a part over the past 10 years in the phenomenal development of Unitag from a small travel and agency busi*ness to one of Bahrain's top* five trading conglomerates with an annual turnover of about $130m. Its interests now encompass the hotel and travel trade, industrial and civil contracting, insurance, moneybroking *(through a local subsidiary of* Charles Fulton), foreign currency exchange (through Thomas Cook Travco), quarrying, catering and advertising.

Nevertheless, one of the first things rivals will say about Unitag is that it is Sheikh Khalifa's company, implying that it is this rather than any*thing else which gives it a com*petitive edge.

Sheikh Khalifa bin Sulman al Khalifa, the brother of the Amir, is Bahrain's Prime Minister. Ex-officio, he chairs the Projects Committee which awards government contracts, and the board of the Bahrain Monetary Agency (the central bank).

He is not a direct shareholder in any of the Unitag companies except United Hotel Company (UHC), which owns the Regency Intercontinental (opened in 1980) and is associated with the group only through Jamil Wafa, who is its managing director and owners' representative.

It is common in the Arab world for businessmen to give *their sons a permanent stake* in the family fortune by registering companies in their names, whether or not they take an active part in running them. Thus Sheikh Khalifa's elder son Sheikh Ali, who is in *his mid-twenties and holds* a government appointment in the immigration department, appears as a 33 per cent shareholder in both Unitag WLL and World Travel Service, while the much younger Sheikh Sulman (who was under 10 at the time of "his" company's formation in 1977) is registered as the sole proprietor of Bahrain Markets.

Moneymakers

Apart from its agency business—and company representation is the activity on which the group as a whole makes the most money, since it brings in at least 2½ per cent of contract value—Bahrain Markets owns 51 per cent of Bahrain Sainrapt Contracting Company (with Sainrapt et Brice); 30 per cent *of Charles Fulton Gulf; 50 per* cent of the advertising and public relations company Fortune Promoseven; 15 per cent of National Insurance Company (of which Unitag WLL has another 19 per cent); 30 per cent of Sunshine Tours (with World Travel Service); 40 per cent of Thomas Cook Travco (in which *Thomas Cook holds only 20 per* cent and the remaining 40 per cent is owned by Anaza, one of Jamil Wafa's personal ventures); and 33 per cent of Unicon, a construction company managed by the Sir John *Howard Group. The other* shareholder in Unicon is Unitraco, in which Wafa holds the *majority stake.*

Unitag WLL in turn owns 70 per cent of the quarrying company Bramco (with Vinay Dewan, the Indian mining engineer who runs it); 76 per cent of Transitec Gulf (engineering and trading); 51 per cent of United Caterers and Contractors (with the Maltese Albert Abela group); and 51 per cent of a shipping and cargo clearing company, Unideugro.

So—yes, the Prime Minister is strongly represented in the Unitag Group, and the next *question is—does it make any* difference?

The main concern is that foreign contractors may think it does, particularly if they are bidding for public sector projects and are familiar with the old Saudi practice of signing up a prince to sponsor their interests.

Althoug Unitag represents more than *70* companies its involvement does not guarantee success; however, as examples, the $145m contract to equip and build the 450-megawatt Rifaa II power station went to Brown Boveri (whose agent is Yateem Bros) rather than to the Unitag-sponsored Kraftwerke Union, the nuclear engineering subsidiary of Siemens, which built and commissioned Rifaa 1, while Davy McKee failed to win either the Gulf petrochemicals or aluminium rolling mill contracts.

Another irritant to the old-*established traders is that Jamil* Wafa is of Palestinian origin; although their own forefathers often came from Persia or mainland Arabia, they do not accept him as a Bahraini, whatever passport he carries. They feel *he is eating into their market* share, and in some cases beating them at their own game, without the *commitment of a* great deal of capital.

The aggregate capitalisation of the group is only about $8m, of which nearly half is in the insurance and hotel companies.

All members of the group except *Bahrain Markets* and Anaza are limited liability companies (WLL).

Unitag is *no different from* many other Bahraini trading houses in that it depends mainly on expatriate management in this case British, Palestinian and Indian.

What does make it different, according to a view from inside, is the willingness to consider any reputable business opportunity, the knack of choosing the right one and the ability to minimise capital outlay for the best possible *return.*

There have, however, been hiccups — notably Unitag's *early involvement in United* Building Factories (UBF), which was geared to production of *2,000* industrial housing units a year — just about the total requirement of the Ministry of Housing. Since it was politically *unacceptable to deny ministry* contracts to all other local construction companies, UBF was under-utilised and ran at a loss.

Joint venture

A government buy-out in June 1983 saved the several private-sector shareholders *from the consequences of their* misjudgment, but an attempt to streamline the operation and turn it around *financially* met with failure, and UBF was put up for offers. Now Bramco, undeterred by an associated company's experience, is going into a joint-venture with the local contractor, Abdulla Nass, *to lease back the factory* and diversify its production line.

Unitag continues to expand and new projects include the management of the Regency Plaza, a proposed 14-storey com*mercial block to be built by* Sheikh Khalifa at a cost of some $32m and the establishment of a city-centre supermarket.

For this imaginative venture, Unitag holds exclusive rights from the municipality, which owns the land at Zallaq, to form a development company and arrange financing.

Mary Frings

The top ten trading groups in the Gulf . . .

Top ten in the Gulf

Company	Headquarters	Biggest source of turnover	Estimated turnover 1983-84
Yusuf bin Ahmed Kanoo	Bahrain/Dammam	Shipping and commercial agencies	\$500m-\$700m
Suhail and Saud Bahwan	Muscat	Toyota (most re-exported to Saudi Arabia and UAE)	\$500m-\$550m
Futtaim Group	Dubai	Toyota	\$450m-\$500m
Yusuf Ahmed Alghanim and Sons & Alghanim Industries	Kuwait	GM/Kirby	\$330m-\$400m
Zawawi Group	Muscat	Oilfield equipment	\$330m-\$400m
W. J. Towell (Oman)	Muscat	Mazda	\$350m
Juma Al Majid Group	Dubai	Citizen watches	\$300m
Galadari Brothers	Dubai	Mazda	\$300m
Al Hashar Group	Muscat	Datsun	\$200m
Al Sayer Group	Kuwait	Toyota	\$250m

THE TRADING groups, ranked by turnover, are all well diversified, with subsidiary interests ranging from contracting and manufacturing to travel and insurance. The Juma Al Majid Group, for example, is composed of 28 separate companies, while Al Futtaim is represented in 21 countries.

Some "big names" have not been considered because trading is not a major activity: they include Al Khorafi of Kuwait (construction), Al Zamil of Bahrain and Saudi Arabia (manufacturing) and Al Ghurair of Dubai (banking and real estate). Other omissions may be due to the companies' extreme secretiveness, and conflicting market assessments of the scale of their business.

The turnovers quoted should be treated with caution; they are the result of many informed guesstimates which in some cases have been "bounced off" the companies themselves and adjusted accordingly. As privately-owned concerns, they are not required to publish accounts and few will willingly volunteer information.

The Kanoo Group has been included in the Gulf list because its chairman resides in Bahrain, although two thirds of the business is in Saudi Arabia. Kanoo's turnover is particularly difficult to assess because of the group's many service activities, in addition to its import agencies for construction and oilfield equipment and consumer goods. The figure of \$500-700m includes aircraft handling, insurance and shipping agencies (gross), and travel agencies (net), but not the 20 or so joint-venture companies which service the oil, shipping and construction industries.

Other leading companies in Bahrain (Mohammed Jalal, Zayani, Y.K. Almoayyed, Yateem Brothers and the Unitag Group) and in Qatar (Mannai, Jaidah, Kassem Darwish Fakhro and Sons, and possibly Al Mana) all have turnovers in the \$100-200m range but are handicapped by their small local markets.

If the Kuwaiti merchants are not as prominent as might have been expected, this is partly because business is not concentrated in a few hands, as it is in Oman. Moreover, demand for construction equipment and consumer durables has dropped 25-50 per cent since 1981 as a result of the cut-off of trade with Iraq and Iran, the general recession due to lower oil revenues, and debt problems left over from the collapse of Kuwait's stock market.

Merchants with slightly lower turnovers than those listed include Al Bahar (Caterpillar), Al Boodai Trading (earth-moving equipment), Al Babtain (Datsun) and Al Mulla (Mitsubishi). The last of these may be unique in that it is run by a 12-man directors' committee composed of only four family members and eight expatriates, all of whom have equal votes.

Trading activity is also reduced in the UAE, and some leading merchants have been caught up in a succession of banking crises. Juma Al Majid's \$50m a year turnover from the sale of 1.6m watches is mainly derived from his Saudi operation. Dubai merchants easily outrank their Abu Dhabi competitors because of their wider geographical coverage—many of them have their agencies covering the whole UAE. The fourth largest is thought to be Easa Saleh Al Gurg, whose group includes 11 fully-owned companies and holds the agency for British American Tobacco—a popular re-export item.

Oman's is the major growth economy and the scale of business being done there is hardly guessed at in the rest of the Gulf.

Mary Frings

. . . and in Saudi Arabia

Top ten in Saudi Arabia

Company	Head-quarters	Main source of turnover	Est turnover 1983-4 \$m
E. A. Juffali & Brothers	Jeddah	Daimler Benz	1,000
Abdul-Latif Jameel Group	Jeddah	Toyota	800
Olayan Group	Alkhobar	Machinery & industry	600
Zahid Group	Jeddah	Caterpillar	250
A. S. Bugshan & Bros	Jeddah	Komatsu & medical equip.	250
Abdul-Aziz Sulaiman & Co	Jeddah	Datsun	250
Abdul-Aziz and M. A. Jomaih	Riyadh	GM cars & ag equipment	200
Haji Hussein Alireza & Co	Jeddah	Mazda	200
Abdul-Aziz & Saad Moajil	Damman	Foodstuffs	180
Ahmed Hamad Algosaibi & Bros	Alkhobar	Machinery	170

THIS LIST contains only companies which are known for trading and manufacturing more than for any other activity. Therefore a number of famous Saudi business names are excluded: the bankers Bin Mahfouz, the money exchangers Rajhi and Kaaki, and the contractor Bin Laden.

These families own businesses that are just as profitable, or more profitable, than the companies listed above, but their turnovers cannot easily be compared with trading and manufacturing turnovers.

There are also several trading and industrial companies that have turnovers that are only marginally smaller than the turnovers at the bottom of the list, or may even be in the \$170-180m bracket. Obvious examples would be the highly successful Zamil industrial group and the food importers, Abbar and Zaini.

The turnover of the Olayan Group is made up of only the Olayan-owned parts of its trading, service and industrial companies. The interests of the trading part of the group, the Olayan Saudi Holding Company, are owned 40 per cent by Jardine Matheson.

Likewise, the turnover of Abdul-Aziz Sulaiman and Company (which includes the contractor and cement importer Rolaco) includes only about a quarter of the Datsun sales in the Kingdom. The Datsun agency in Saudi Arabia is vested in a company called Siraj Zahran, which is owned by four different trading families.

Finally, it is stressed that the turnover figures in the table are only estimates, made up of the average of several people's guesses.

Michael Field and Finn Barre

The reliable way to woo Arab families

Consumer market

FINN BARRE

THE RIYADH-BASED El-Faleh Sports House chain of sporting goods stores loves its expatriate customers. Football-minded Saudis buy jogging outfits, shoes and soccer balls but that is it. The expatriates buy highly profitable goods such as tennis rackets, diving equipment and weight sets.

The difference between expatriate and local taste in sports is not as wide in other Gulf countries as it is in Saudi Arabia but it still exists. These national differences persist in buying habits of everything from food to automobiles.

To complicate things further, retailers must deal with a fragmented expatriate market. Lower-paid Asian expatriates buy different products from Western expatriates. Arab expatriates buy typically Arab products but in the lower end of the market.

In food, electronics, cars and clothes, the Gulf Arab tends to buy what his friends and relatives have purchased.

The leading brand of olive oil is Safia but it is not purchased because of the name but because Saudis recognise the paint scheme on its cans. In an unsophisticated market of this type, it is dangerous to change appearances too radically.

Because the Arab consumer is so brand-conscious, those firms that entered the market early and made good reputations have done well. Abdul-Latif Jameel of Jeddah entered the market with small quarter-ton Japanese Toyota pickups and established such a position that simple Saudis began to refer to all pickups as Toyotas.

Nissan, Mitsubishi and Mazda soon learned to paint their light pickups in basic white with orange accent decals to copy the "Toyota Loo."

Word of mouth

There are several reasons for an Arab's reliance on word of mouth before buying a product. In the case of Toyotas, since everyone has landcruiser jeeps or the trucks, the purchaser is assured of getting spare parts. This is a serious consideration. Second, he learns if the dealer backs up the product. News of unreliability spreads fast in Saudi society and can murder product sales.

Second, because many of the new owners are not mechanically sophisticated, knowing someone who has used and worked trough problems with a product already is an advantage.

This lack of mechanical sophistication means that Arabs are not patient with machines. They buy them and they expect the things to work. Al-Essa Industries, manufacturers of Gibson air conditioners and agents for various other lines of appliances, including Hitachi, try to give demonstrations of their products to customers.

E. A. Juffali, Saudi agent for Kelvinator, sends employees to the homes of new customers to demonstrate the newly-purchased washing machines and dryers.

Over 80 per cent of air conditioners sales are still of the window model. The reason is that the machines are simple, common and require minimal technical skills for installation.

If one does go bad, it is pulled out and another put in its place. The low-tech Yemeni-dominated housing contractors are fully capable of building airconditioner slots in their new buildings, but would find central conditioning ducts beyond their technical ability.

The third reason for brand loyalty in the Gulf is that Gulf Arab society is tight and conformist. E. A. Juffali and Brothers used so to dominate the independent truck owners' market with their olive-drab Mercedes, that other truck manufacturers scarcely bothered to try to crack the market.

Surprisingly, Daimler Benz's new truck models are not selling to the independents. The only real truck is the reliable dated Mercedes, often sporting a cargo box painted with a staggering selection of bright colours.

With the preference for particular brands goes a preoccupation with brand emblems. Mazda taxis often carry Mercedes hubcaps. The reliance on brand labels has made the Arab market a haven for pirated products because unsophisticated buyers purchase on the basis of the label.

Family groups

In some markets, the trend has gone further; some products have their names Arabised. Rothmans King-Size cigarettes were recently called Ali Bin Alis in Qatar after the local agent.

Western marketing executives must bear in mind several facts about the Arab consumer market before they launch a product. Arabs tend to live and relax in large family groups. Thus, a two-seat sports car has limited appeal. Large Mercedes cars, such as the 500 SEL, are popular. More popular are full-size American cars, because they can hold a large family.

The quintessential Arab Bedu family vehicle is the Chevrolet Suburban Carryall, a 12-seat four-wheel drive truck. This vehicle can hold an extensive extended family, can drive out in the desert, requires minimal maintenance, and is capable of barrelling along at high rates of speed.

In electronics, the families prefer home entertainment, such as videos, and have made the Peninsula one of Japan's largest markets outside of the United States. In Kuwait, Yusuf Ahmed Alghanim and Sons company tried to sell dishwashers to Kuwaitis and failed. Kuwaitis, like other Arabs, use large communal-style pots and dishes that do not fit in dishwashers. The small teacups and pots do not stack easily and fall through the wash racks.

In comparison to the native Arabs, the expatriates tend to buy less expensive Korean, Italian and Japanese goods. Saudis, for instance, do not buy the Korean-made Hyundai Pony car, the toothbrush salesman special of the Arab highway.

But Western expatriates tend to buy goods that last for their two-year stays, and not much longer. Third World expatriates buy the smaller stereos, colour televisions and cars, because they want to take as many goods home as possible. The Indian Government exempts some Indian goods, such as motor scooters, from high duties if the scooters are purchased in hard currency in the Gulf.

Of special interest in Saudi Arabia's western region are the Hajjis who come for the yearly pilgrimage to Makkah. Most of them come ready to buy consumer goods both for themselves and their relatives, which is a constant source of enrichment for the merchants of Jeddah and Makkah.

Although there are obviously some products more orientated towards expatriates than others, overt appeal to the non-Gulf Arab market is politically unwise. In Dubai some Hindi cigarette ads are seen on back streets, but in Bahrain, Dubai and Saudi Arabia ads must be bilingual at least. Television ads are permitted in Bahrain and the Saudi authorities stated last year that advertisements would be permitted on Saudi television, but no steps have been taken.

The adage

Currently, Saudi traders advertise on Bahraini radio and television. Abdul-Latif Jameel, agent for Toyota, even advertise from an Arabic station in Monte Carlo, because its broadcasts are monitored regularly in Riyadh.

Advertisement, whether in newspapers, broadcasts, or on billboards, has only one purpose, to alert the customer about the existence of a product. The Rrab consumer is more vulnerable than some to personal use promotions, but it is a tough market.

In the Arab Gulf consumer market, the adage that the one who wins is the one who "gets there firstest with the mostest," is correct.

هكذا من الأصل

Brand loyalty plays important role

Car market

FINN BARRE

MERCEDES BENZ aficionados are surprised when they visit Saudi Arabia and see a brand new car, the Mercedes 1000 SEL. The car exists nowhere else, and is a creation designed to make what is already an exclusive car even more so.

Standard Mercedes 500 SELs are modified by goldplating the Mercedes emblems and adding the 1000 SEL badge in place of the old 500 SEL. The interiors are embellished with television sets and more luxurious upholstery. They are successful, say their Saudi importers, Prestige Autos of Jeddah, because they offer the Mercedes quality and nameplate with American gadgetry.

E. A. Juffali and Bros., agents for Mercedes in Saudi Arabia, report a waiting list for some Mercedes models that is, according to competitors, a trick to increase demand. Juffali replies, probably correctly, that the metalworkers strike in Germany last year led to the shortage. But the benefit is that Juffali does not have a lot of unsold stock sitting around on its lots.

Juffali's success is a good example of Arab car brand loyalty. The new Mercedes 190 arrived on the market in 1984, and proceeded to put a big dent in the growing market for BMW cars. BMWs are nice, but they are not Mercedes, reason many consumers and Saudis buy for the nameplate.

They also buy for the room. American cars, do not have the appeal they used to have partly because the rise of the dollar has made them expensive, but they do offer more room than other cars on the market.

The big General Motors cars which include Buick, Chevrolet, Cadillac and Oldsmobile, remained dominant in Kuwait until the early 1980, when in all other markets they had been displaced in prestige by Mercedes Benz, and in numbers by Japanese makes.

American cars held their own in Kuwait in part because the Kuwaitis on average are wealthier than the other Gulf Arabs. It was also due to the fact that the American cars can haul an entire family around. Only the largest Mercedes or BMW cars can approach the Americans' carrying capacity.

The lifespan of cars also has a bearing on their popularity. The Arabian environment is ferocious. The sun cracks the vinyl dashes and fades paint. The dust and heat attack bearings, gaskets, electrical systems, hydraulic systems and tyres.

In Kuwait, Oman, Qatar Bahrain, the United Arab Emirate and the Western and Eastern provinces of Saudi Arabia, the problem is compounded by high salinity and humidity. Every morning salt crust and dust is deposited by condensation of dew.

A Chevrolet that lasts five or six years in the United States may last three or four in the Gulf. Japanese cars last a year less. In Dubai, Japanese cars have a maximum life of two years. In Kuwait the Mercedes may last up to 7 years.

Short life span

The lifespan of the cars is often shortened by the marginal maintenance they receive from their owners. But now that the hard times are approaching dealers in Jeddah report that the life span for a Japanese car averages three years. Two years ago, the figure was 18 months. One dealer said that the lifespans are increasing because of better roads as much as improved maintenance. In the past bad roads often hammered cars to pieces.

Longer lifespans are just one factor affecting car sales in the region. For the most part, the serious problems facing dealers are self-inflicted and come from over-large stocks.

The largest number of unsold cars belonged to the dominant *dealer in Saudi Arabia, the* Jeddah-based Abdul-Latif Jameel, agent for Toyota. Abdul Latif Jameel (ALJ) is Saudi Arabia's largest trading house, and its Toyotas are found all over the Kingdom.

The problem, say rival car dealers, is that ALJ moved heavily into wholesaling cars during 1983 to maintain sales volume.

Each Saudi town has independent car sales companies, or car souks where new cars are sold and used cars are auctioned off.

In other Gulf countries, and to some extent in Saudi Arabia, these dealers are "parallel importers", who buy cars from dealers in the U.S. or other countries, and sell them without investing in spare parts or maintenance shops. Few have even rudimentary shops.

In Saudi Arabia the dealers presently account for 15 per cent of all cars sales, though at the height of the market in 1979-82 their share in Riyadh ran up to 50 per cent.

ALJ and other dealers sold the secondary lots two-ton trucks, passenger cars and other vehicles on credit. Competitors say ALJ then treated the sale of the vehicles to these lots as final and promptly ordered thousands of new cars.

The firm failed fully to take into account that the cars would still be entering the market several months later in competition with the vehicles being sold by the firm direct.

ALJ is not the only company holding huge inventories of 1984 cars. Haji Hussein Alireza and Co., the Saudi importer of Mazda, has a stock of over 3,000, including a smattering of 1983 models.

The importers are finding that the small lots are going bankrupt and not paying their debts, leaving them with hundreds of 1983 and 1984 cars on their hands.

Although business credit has not helped Toyota, Jameel and other dealers see credit as the only way to continue to move cars. Jameel still has a few new 1982 models sitting on its lots, and is cutting prices to move present tock.

The dealers are also offering payment schemes, which, in the absence of hire purchase companies, force them to become financing firms—as Alghanim in Kuwait has been for almost a decade.

Financing is tricky business in Saudi Arabia because people are lax in paying on time and there is no satisfactory legal mechanism for collecting bad debts.

cutting costs

Dealers are cutting costs by terminating employees and freezing wages. Most are braced for a grim year in 1985, with a possible slight improvement in 1986. They think 1987 will be *the first return to good sales,* because there is such a surplus of cars in the system.

Times are tough for profits. Gross profit this year is 15 per cent. Last year it was 20 per cent. In some cases when dealers bid to supply fleet cars the margin may be cut to 5 per cent to win sales.

Dealers are also fighting the loss of 80 per cent of the spare parts market to counterfeit parts made in Taiwan and Singapore

The biggest damage suffered *by dealers has been in fleet* sales. Contractors and other customers are cutting down their purchases. Formerly they owned large fleets, most often Chevrolets.

The Jomaih Group, based in Riyadh, reports that even large price cuts in its General Motors products have not halted a slide in sales. Companies that formerly purchased Chevrolets are now buying Mazdas or large Toyotas.

In many other cases, companies simply pay car allowances to their employees. Expatriates try to pocket as much of the car allowance as possible and buy used cars, or small ones.

Some 75 per cent of car sales in the Eastern Province used to be to fleets. Now that figure is down to 15 per cent.

Attempts to move the cars have extended to heavy advertising. ALJ has a budget approaching \$3.5m. Several dealers have staged giveaways in which purchasers of cars get free electronic goods, usually coming from the same agent's stock of slow-moving electronic products. Thus, Toshiba electronics were given away with Toyotas.

One novel and brave gimmick was the pledge by the Abdullah Hashim Establishment, the Saudi agent for Honda, which offered to replace any car written-off by a customer. The first claim on the deal was made two weeks after it was started, and the offer was quietly abandoned not ong afterwards.

"The fault for the market is our own," said one Hassein Alireza sales executive. "We acted as if this would continue *forever,* and did not control costs, or examine the market closely. Now we have to sit it out until things pick up, and a lot of the small dealers will go out of business."

Buying habits start to change

Foodstuffs

MARY FRINGS

THE OLD freewheeling days of the Gulf food business, when a merchant could make his fortune by cornering the market, as W. J. Towell of Kuwait and Oman did with Pakistani rice in the 1960s, are long gone. In most states the market is now subject to varying degrees of government control.

The sole exception is the UAE, where control is unnecessary, according to importers, because market forces ensure that prices are among the lowest in the Gulf. Even here there have been minor casesof state intervention.

In 1983 nationals in Dubai destroy the price structure. This does not appear to have happened.

In 1983 nationals in Dubia were given a Ramadan hand-out of DH 400m (\$100m) to compensate for the loss of regular subsidies; last year there was no such dispensation. But some *50,000 tons of "Rulers Rice"* (imported by Sheikh Rashid at his personal expense) has been distributed to needy nationals over the past four years. Poorer Iranian immigrants are said to be buying cheaper Thai white rice instead of the preferred *American or Basmati.*

Last year all the Gulf governments (including Saudi Arabia) did a package deal with Pakistan for 330,000 tons of Basmati rise, which is regarded in the region as thetop quality. A similar bulk purchase is expected in 1985, spread over the year in separate consignments to each state.

In Oman, where government intervention in the market is limited to the holding of buffer stocks by the Public Authority for Essential Foodstuffs, one-third of the state's 60,000 ton allocation went into the Public Authority's warehouses.

Fears

There is no subsidy or price control, but W. J. Towell, *which was importing* rice in modest quantities until 1960 (mainly for the Ministry of Defence) gave up doing so because it feared that the turnover of strategic stocks or the release of surpluses could destroy the price structure.

This does not appear to have happened.

In Bahrain, Kuwait and Qatar some or all of the basic commodities — rice, sugar, locally milled flour, meat and cooking oil—are either subsidised or controlled to maintain constant prices, and lists of maximum permitted prices for fruit and vegetables are posted daily by municipalities.

Bahrain's Ministry of Commerce plays an active role in the bulk food trade, handling purchases either direct (as with Australian wheat and Basmati rice) or through two public shareholding companies in which the state has a 10 per cent investment.

The National Import and Export Company deals on the Ministry's behalf in sugar, for a commission of about 3 per cent (*while also trading on its* own behalf in cement). Trafco, the General Food Trading Company, carries out the Ministry's orders for meat and live animals, also on commission, while pursuing its own trade in fruit, vegetables and other *foodstuffs.*

Last year Bahrain's food subsidy budget of BD 10m (\$26m) was about a third underspent, due to foreign exchange movements and savings on the bulk rice deal with Pakistan. Lower grade and packaged rice is not subsidised and may be imported by any trader.

In Qatar the government body responsible for essential foodstuffs is the supply department of the Ministry of Petroleum, which purchases and subsidises both Basmati and American rice, sugar, mutton and live sheep (the Arab preference is for freshly slaughtered meat), NIDO milk powder, vegetable ghee and corn oil under its own brand Tamween. This oil retails at QR 14 a gallon, compared with QR 35 for Mazola corn oil.

In Kuwait the Government's purchasing arm for wheat, barley, sugar and rise (Basmati from Pakistan and Parimal from India) is the Kuwait Supply Company, and co-operative stores are required to display subsidised KSC commodities on separate shelves.

Three million head of sheep a year are imported by the publicly-quoted Food and Livestock Company, of which the Government owns 60 per cent. This is big business: the company has five ships to bring sheep from Australia and mainland China, it own ranch at Sulaibiya, an hour's drive from Kuwait City, a grain silo, feed mill and slaughterhouse. Total turnover last year was over \$200m.

One of the biggest private sector commodity dealers in Kuwait, with a turnover of *\$150m, used to be W. J. Towell* Agencies, which conducts its business separately from the Omani company of the same name, although both are owned by members of the Sultan family. However, in April 1984 Towell took on a Saudi partner, Abdulghani Muffarij, and moved its commodity operation to London where it bought premises at 29 Mincing Lane and took over the name of the previous owner, NDA (UK) Ltd.

A "third force" inthe Gulf food trade is the co-operative, of which there are 32 in Kuwait. They have formed a union to import their supplies direct, but are still the biggest clients for Towell's wholesale business because they are given up to 45 days credit.

Dubai co-operatives are steadily increasing direct imports, including Danish chickens under their own brand, *while in Qatar the co-ops still* depend on local wholesalers but account for 75 per cent of the retail market.

Brand loyalty has always been a feature of the Gulf consumer market. Lipton's teabags probably outsell all competitors put *together, while* Red Label tea, Coroli corn oil, NIDO powdered milk, Rowntree Macintosh sweets anr Kraft "glass cheese" are among the prime agencies. Danish chickens are favoured in most states, although fresh local broilers are gaining ground as they are produced in greater numbers.

Buying habits, however, are changing with new affluence and exposure to modern marketing techniques. According to Lal Garwani, who owns one of the two biggest supermarket chains in the UAE (the other is Choitram, with Spinneys catering mainly for Western expatriates), the practice of selling loose rice and sugar from the sack is fast declining, and supermarkets are using plastic bags to make up their own 1kg and 2kg packages.

small shops

In all states, though, it is thought that there will always be a place for small local shops as well as supermarkets and co-operatives, and many families *still like to keep a sack of rice* in the house even if they habitually buy packaged or branded foodstuffs.

Generally people have a much more varied diet than the traditional rice, mutton, fish and dates. They are eating more bread and fruit and vegetables are served with every meal. Desserts are no longer a luxury (banana is a popular flavour) and there is a growing taste for sweets and confectionery. Most of the foods imported for the expatriate populations of the Gulf are now just as regularly eaten by middle and upper class Arabs.

Th strict application of regulations governing production and expiry dates has forced trades to improve both stock control and distribution. Frozen foods have a 12-month life, but given a two-month transit time and the tendency of shoppers to avoid older stock, this is reduced to 6-7 months.

Even so, the date stamp is no guarantee of quality, particularly in the Gulf climate; as one wholesaler points out, frozen food can be good for five years if properly stored, and no good after 10 days if not.

The demand for production and expiry dates on dry goods such as sugar and salt causes some irritation ("Everyone can *see if they are bad"), and every* imported has his horror story—the Chinese melon jam which had to be re-exported at half price because of a discrepancy in the English and Arabic translations of the production date, or the canned peas from Spain with an unclear date stamp, which the local quality control laboratory refused to sample.

"I lost 7,000 cartons," raged the hapless recipient of this consignment. "Each one cost me \$5.5, and I had to unload them overseas at \$3."

Oman is one of the first Gulf states to insist from January 1 this year on the embossing of all cans, rather than relying on a less permanent printed date-stamp. Embossing has already been introduced throughout the region for powdered milk, but may create problems where only a small quantity of a particular line is being imported.

Stricter labelling requirements have been generally welcomed since it was discovered that "corn oil" from Singapore was being progressively adulterated with cheaper palm oil, to the point where the label bore no relation to the composition of the product. A list of ingredients in both English and Arabic is also of help to Muslims who wish to avoid pork, ham or their derivatives in canned meat loaf, or a faint trace of alcohol in a traditional Irish fruit cake.

PROFILE: SHAMSAN

Seeking a new direction

THE SHAMSAN GROUP is a trading house in Saudi Arabia that wants to get into a new line altogether: manufacturing.

Shamsan is a solid trading company with \$40m estimated annual turnover. It is not experiencing all of the severe debt collection problems faced by many trading houses, but is still interested in switching *from the merchant* business to industry.

The group has all the hallmarks of a traditional Saudi merchant group. Its chairman, Abdullah Shamsan, is of Yemeni extraction, runs a family-oriented business and sells a wide range of goods.

The company was started 30 years ago, when Abdullah followed his much older brother, Mohammad, in emigrating to Saudi Arabia. Their company registration number is 78.

They then moved to Riyadh. Thus Shamsan is one of the few trading houses to be based in Riyadh and not Jeddah or the Eastern Province.

The brothers began by selling textiles, perfumes, luggage and toys. The Shamsans still pride themselves on being *the Kingdom's largest importer* of toys.

The Shamsan Group is the Kingdom's largest camera dealer, accounting for \$30m a year of the Kingdom's \$100m camera trade.

It is the agent for Olympus cameras and micro cassette recorders, Asai-Pentax, Mamiya and Chinon cameras.

The group has already moved into manufacturing in Yemen, where it has a red brick factory and the largest Canada Dry bottling plant in the Middle East.

Shamsan's venture into manufacturing displays the traditional merchant's caution, in that the company is hedging its bets. This year the group intends to open two different factories that position it in two different markets. The first factory is the Saudi Industry for Diapers and Sanitary Napkins (Sidnap), the second the arduously-named Saudi Modern Company for Cable Industry.

The diaper factory, based on Saudi Arabia's high 4 per cent birthrate, will produce a consumer item. The cable factory is infrastructure-oriented, but is also majority-owned by other companies.

The argument for industry, in Abdullah's view, lies in social economics. Expatriates, who bought the majority of comeras, are leaving. Trading now earns *a return of 5-10 per cent, he* says. Two years ago, only the most wasteful failed to earn margins greater than 20 per cent. Thus, in the cable manufacturing plant, he says, the recent protective government tariff of 20 per cent guarantees a higher return on investment. Abdullah also banks on the Government's "Buy Saudi" regulations for Government contracts.

The Sidnap factory's output is a classic consumer product. Shamsan reckons that the market for diapers in the Kingdom is growing at a rate of 10 per cent a year.

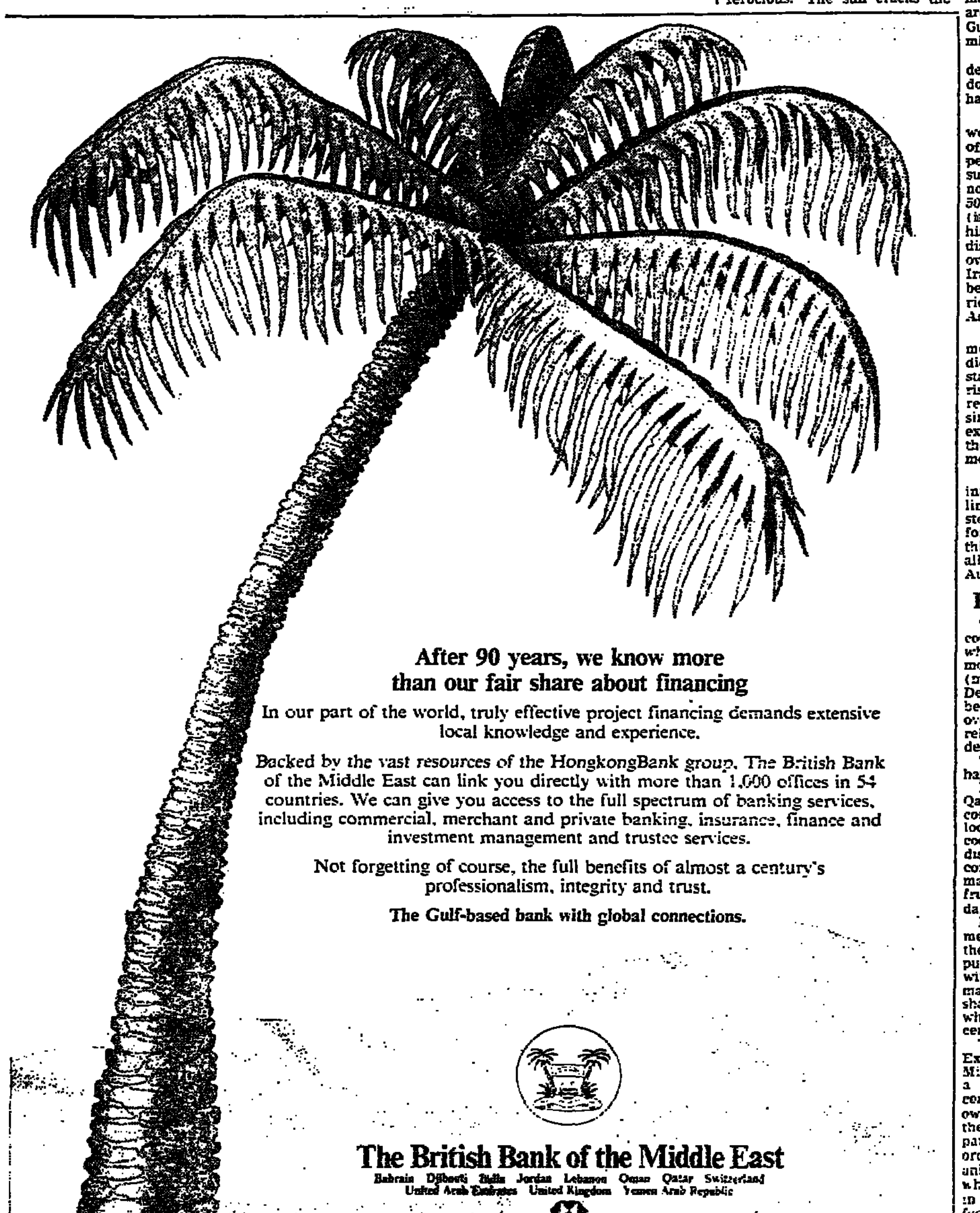
Shamsan has promoted the quality of its Lucky Baby brand product with giveaways of 800 riyal movie cameras with every SR 200 purchase of his diapers. The company has also hired women to promote the diapers at the numerous women's organisations throughout the Kingdom.

Although the Shamsan Group is moving into manufacturing, the marketing side of operations is undergoing an overhaul. Taking advantage of the slack property market Abdullah has been presenting ultimatums to the landlords of his stores: cut rents or find new tenants.

In the marginal stores, he says, it is better to close the doors.

His company now has 30 stores, and has closed down eight poor performers. It is also cutting the amount of stock it keeps, and advertises heavily in newspapers.

Finn Barre



Retrenchment causes a bout of frayed nerves

Management

MICHAEL FIELD

THE OIL states' recession is testing the nerves of Arabian businessmen to breaking point.

As their profits have been squeezed the owners of trading companies have fired staff, closed service departments, slashed prices and stopped buying new inventory. Some of the few who have delegated the running of their companies to professional managers have been tempted to reassume personal control.

In many cases the retrenchment has been a healthy process; some of the bigger companies in the last five years have taken on large unproductive bureaucracies and most have become used to ridiculously high profit margins.

In other cases the owners have panicked and gone too far with their pruning. One or two big companies, including Mohammed Abdul-Rahman Bahar, the Caterpillar importer in Kuwait, and Abdul-Latif Jameel, the Saudi agent for Toyota, have cut back their managements so severely that they have become less efficient and have lost market share and profits faster than they have saved costs. Bahar and Jameel (discussed in detail later in this article) are being talked of in the Arabian Peninsula as classic cases of mismanagement.

Total control

To put these changes in perspective one has to start by looking at how the management of the big merchant houses has evolved in the last 10 years.

Traditionally Arabian businessmen have believed in exercising total control of their companies. At the beginning of the 1970s all trading houses were run in this way, and most still are today. Under this system the owner of a company not only initiates all new projects, authorises all expenditures and signs all cheques; he has every minor decision referred to him.

Even in merchant companies with turnovers of $100m, partners can involve themselves in the most trivial matters. In the middle of an important meeting an Arabian businessman may summon his English or Indian male secretary and tell him to write a simple telex confirming some purchase, which has nothing to do with the meeting in progress, and to come back in 20 minutes to have the wording approved. Then the secretary will be ordered to return to tell the merchant when the telex has been sent.

The same highly personal and unsophisticated methods apply to company finance. Many companies with turnovers of tens of millions of dollars still have only one bank account. The company's contracting subsidiary, its trading department and its property development department all draw the money they need from a central pool.

This keeps all the company's funds under the direct control of the partners. It also means that the specialist Western managers running the different departments have continually to be reporting to the partners.

Occasionally the pool from which all the cash is drawn will run dry for a week or so. Then salaries cannot be paid, stocks are run down and contractors find themselves having to delay purchasing equipment.

An American executive once recounted how he spent the morning with the managing director of a large and famous Saudi merchant house and saw a member of that company's contracting subsidiary come in four times to collect funds to buy some cars that the subsidiary needed. At 8.30 am he was given SR 25,000, which was all that was available at that time. By 10 am the managing director had had his staff collect another SR 40,000; and during the rest of the morning a further SR 40,000 was found.

Another characteristic of many of this type of traditional merchant companies is that they do not borrow. There is a feeling among the older and middle-aged generations that financial self-sufficiency is a virtue and that borrowing is slightly shameful. The idea that their companies might be under-leveraged is so alien that it simply never occurs to them.

The Jeddah company of Haji Hussein Alireza, the world's biggest importer of Mazda cars, does not borrow from the banks at all. The Kanoo family of Bahrain keeps its borrowing to a minimum. Almost all of the family's expansion since 1974, including a huge increase in numbers of staff and an expansion of office accommodation, has come out of profits. The family's managers say that the company would have been able to grow faster if they had been authorised to borrow more.

Rudimentary

A similar rudimentary approach applies to taking on new business. Merchant houses have been prone to grasping every opportunity that is offered to them, without regard to the type of business they have handled in the past or the resources they might tie up in the operation.

Once a new product has been taken on companies traditionally have been very reluctant to give it up. Arabian merchants have very little concern with opportunity cost. It does not easily occur to them that if they surrender an agency they might quickly make up their loss several times over by giving more of their attention to some other product.

The most striking feature of the hundreds of businesses that are run in this traditional way is that they have been extremely profitable. This stems from the concentration of decision-making in the hands of the owners. The companies do not have the expense of running special departments for planning, market research, advertising, personnel or corporate finance. Their costs are low and their profits high.

It is no coincidence that the richest Arabian businessmen are those in the most traditional lines of business—particularly real estate, money exchanging and bulk foodstuffs importing. These operations require far less "front" and have far lower overheads than the most obvious, visible businesses such as car importing.

Even if the latter are run on thoroughly traditional lines they still require a certain minimum of investment in back-up facilities, mainly garages and spare parts warehouses.

The snag for the traditional businessman is that while he continues to exercise complete personal control of his operation he cannot grow beyond a certain size—about $200m of turnover—and cannot diversify into more complicated businesses such as sophisticated services and manufacturing. The volume of work involved and the degree of expertise required is simply too much for one man.

Four founders of companies that have crossed the management watershed, from left to right: Yusuf Ahmed Alghanim, Ahmed Juffali, Majid Futtain and Suliman Olayan. Yusuf Alghanim established his family's fortunes by winning the Kuwaiti General Motors agency in the late 1940s. He has now handed his company to his sons, Kutayba and Bassam, and retired. Ahmed Juffali came into business in 1946 by persuading the Saudi King to give him the contract for the electricity supply of Taif, and Majid Futtaim a decade later acquired the Toyota agency for the Trucial States. Suliman Olayan started by winning an Aramco contract for the laying of Tapline in 1947.

Merchant families which have reached this watershed and have wanted to cross it have had to decentralise their decision making—in other words delegate authority to the managers of their different operating subsidiaries or divisions—and establish entirely new service departments. Undoubtedly the most painful part of this process involves the creation of finance departments exercising real control over funds which partners are used to regarding as their personal property.

Arabian businessmen/families who have crossed this watershed do not number many more than half a dozen. They are: E. A. Juffali and Brothers, the famous Saudi importer of Daimler-Benz trucks and the biggest merchant company in Arabia; the Olayan Group, which is now as big in manufacturing and services as in trading; Yusuf bin Ahmed Kanoo, the Bahrain-based travel and shipping agency and heavy equipment importing company; Yusuf Ahmed Alghanim and Sons, the Kuwaiti importer of General Motors cars; the Futtaim Group, which has the Toyota agency in the UAE; the Abdul-Latif Jameel Group, which sells Toyotas in Saudi Arabia and Zahid Tractor, the Saudi agent for Caterpillar.

On a rather smaller scale Ahmed Manai, the Qatari GM agent and the biggest merchant in his state, has crossed the watershed. So too have Omar Aggad and the Zamil family in Saudi Arabia, though these are atypical in that they have always been more involved in manufacturing than trading.

Some of the owners of companies that have crossed the watershed have found it easy to work with the new system. A good example is Majid Futtaim, who controls the appointment of directors and a few general managers dealing with franchises in which he has a long-term personal interest, but otherwise leaves all appointments to his senior management team.

Prestige

Other owners, however, find that whatever they want to do in theory, in practical terms delegation is impossible to stomach.

Perhaps subconsciously they see a modern management structure as something which can be bought. They enjoy the prestige it brings and they believe sincerely that it is an investment which will yield financial benefits in the long term, but they do not realise at all that it calls for a change of behaviour on their part.

They continually check on their managers' decisions, involve themselves in little problems and overrule their managers when they think they know better. Other owners delegate at first, but as soon as anything goes wrong reinvolve themselves.

The best-known case of intervention by owners applies to Yusuf Ahmed Alghanim and Sons and Alghanim Industries in Kuwait. In the past ten years these companies have been run by Kutayba and Bassam Alghanim, who are like their father, Yusuf, in being excellent ideas men but poor delegators. The senior management of the two companies suffers continual upheavals.

The problems of the Alghanims and other families with very ambitious companies are always played up by competitors who are jealous of their success. Gloating Kuwaiti gossip has often had the Alghanims to be running at a loss and to be on the verge of bankruptcy, neither of which is true.

On the fringe

A case of owners' interference in which the results have been more dramatic involves the Mohammad Abdul-Rahman al Bahar company, the Kuwaiti and Gulf agent for Caterpillar. The running of this company was taken over in the 1970s by the two sons of Mohammad, Jasim and Issam. With Jasim taking the lead, the brothers developed Caterpillar and Volvo sales to a point in 1980 where they were running at about $200m, three quarters of the company's turnover. This figure made Mohammad Abdul-Rahman Bahar the biggest company in Kuwait after Alghanim.

In the process of building their company the brothers went to the fringe of serious delegation. They held a residual authority in all parts of the company but let their involvement decline year by year as their confidence in their managers increased. This was until 1980 when their father, Mohammad, became alarmed by rising overheads and the declining control of the family and reimposed his own authority, maintaining as he did so that in business one had to look after the fils—the pennies.

Mohammad insisted on approving personally all Caterpillar orders, despite the fact that the ordering system had previously been computerised. He did not understand the need for support services and different specialised sales divisions and embarked on a programme of amalgamations and closures of departments.

The result has been a major decline in sales. It now seems that the company is relinquishing the Volvo agency, which it has held in all the Gulf states bar its base, Kuwait.

More recently roughly similar events have occurred at the Abdul-Latif Jameel Group in Jeddah. Like al Bahar, this company was built up by the two sons of the founder, Mohammad and Yusef bin Abdul-Latif, in the 1970s. Although the decentralised management suffered from time to time from Abdul-Latif emerging from semi-retirement and altering procedures, it was normally allowed a fairly free hand.

The company developed from obscurity in 1970 to being the second biggest trading group in Saudi Arabia in the early 1980s, with a turnover of more than $1bn. Well over 90 per cent of its revenues came from the Toyota agency. From the Japanese company's point of view it was the second biggest export customer in the world—after Toyota USA.

What went wrong with Jameel in 1984 stemmed directly from the recession. Naturally enough, the company found that its sales of cars were declining; the demand for cheap cars was hit badly by the growing insecurity of the immigrant population.

To make matters worse it found that about 10 per cent of its market—some 12,000 units—was being taken by Suhail and Saad Bahwan, the Omani Toyota importers, who were able to undercut Jameel in Saudia Arabia because they maintained no expensive spare parts or maintenance facilities in the Kingdom.

Prices slashed

Looked at coldly, the loss of 12,000 sales should not have seemed too serious but for some reason Arabian traders have always become particularly upset by the intrusion of "parallel importers" into their markets, and Jameel was no exception.

The company slashed its prices and embarked on a wholesale reduction of its staff—not just the surplus staff but senior management. In fact before these events there had been some Saudisation of the regional branch management and this had been accompanied by a reassertion of central control. The management purge of the late summer of 1984 led to the resumption of detailed supervision by the Jameel family—a policy which will simply not be practicable in a billion dollar company.

In the words of a sympathetic observer indirectly involved with the company, events at Jameel have "raised eyebrows" both in Arabia and Japan.

Michael Field is the author of The Merchants (The Big Business Families of Arabia). John Murray, £16.

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Superpowers in Middle East

THE LACK of excitement generated by the news that the U.S. and the Soviet Union are to start regular talks on the Middle East is symptomatic of the way temporary obsessions dominate international diplomacy. It would have been hard to imagine such a concession in the first three years of the Reagan Administration: today it slips quickly into place under the shadow of the resumption of talks on nuclear weapons. The indifference is unfortunately a fair reflection of the amount of progress that can be expected from such discussions.

The possibility of Middle East talks shows above all how the Middle East has gone off the boil. It is no longer the scene of international crises as it was between the June war of 1967 and the departure of the U.S. marines from Beirut in early 1984. There is no immediate regional conflict there likely to attract or drag in Moscow or Washington. For the moment a stable balance of power seems to have emerged in the region.

The basis for this new, if vulnerable, stability dates back to the treaty between Israel and Egypt, which was the culmination of the negotiations begun when President Sadat went to Jerusalem in 1977.

Primary aim

The long term stabilising impact of this treaty was not immediately obvious because Mr Menahem Begin, the Israeli Prime Minister, freed from the threat of war with Egypt, used his strategic superiority to invade Lebanon, in 1982.

This in turn precipitated the most dangerous Middle East crisis since the 1973 war. Mr Begin succeeded in his primary aim of expelling the Palestine Liberation Organisation from Beirut, but the attempt to set up a Christian government friendly to Israel and Washington, failed utterly. Syria made clear that it would fight rather than see Lebanon in hostile hands and the U.S. was, at the end of the day, unwilling to fight a full-scale war with Syria a close ally of the Soviet Union, to keep its friends in power in Beirut.

The pullback of Israeli troops from Lebanon, planned for next month, will probably unleash more fighting in Lebanon, but it will not affect the predominance in the country which Syria and its allies have acquired. The Israelis for their part can take comfort from the fact that the PLO has not recovered from the loss of its last politically independent base in Beirut, and now seems irrevocably split between the supporters and opponents of Mr Yasir Arafat, the PLO chairman.

On the other side of the Arabian peninsular Moscow and Washington are in the strange position of supporting Iraq in its war with Iran. There is no sign of the conflict ending while Ayatollah Khomeini lives, for he lost his chance of complete victory in 1982. His systematic alienation of all other powers means that his armies have been unable to purchase the weapons necessary for victory.

U.S. influence in the Middle East has clearly been reduced by the fall of the Shah and its own rebuff in Lebanon. The Soviet Union's power in the region has never recovered from its eviction from Egypt by Sadat. So both the superpowers have ben badly bitten.

In retrospect 1982 was the turning point, in damping down the Middle East as a superpower issue.

Though the stakes may be low for the moment, this does not mean U.S.-Soviet talks will do much for progress towards a comprehensive peace settlement on the Israel-Palestine question. The U.S. would like to see the USSR exercising a constructive influence on Syria, the enemy of all Arab compromise. But it remains highly doubtful whether Syria can be influenced, or whether the U.S. would be willing to push for any changes in Israeli attitudes as its side of the bargain. The USSR sees these talks as a first step towards an international conference on the Middle East in which it can take its rightful place. The U.S. remains completely opposed to any such development.

The best that can be said is that the two super-powers have profited from slack-tide in Middle Eastern affairs to establish a dialogue on the region and that these talks may reduce their mutual suspicion and tension when the waters start swirling again.

Confession of failure

THE GOVERNMENT'S system of cash planning for public expenditure is still not working, but it is failing rather less badly than in the past. That is, or ought to be, the central message of the White Paper published yesterday on expenditure plans for the next three years. Programme spending in the current year is estimated in the White Paper to have exceeded planned levels by more than 5½ per cent. This is unlikely to surprise anyone who has been following the Thatcher government's Laocoon-like struggles with the spending departments since 1979; it has been marked throughout by setting ambitious targets and missing them. Last year we complained that many of the plans looked unrealistic, and the allowance for underspend positively misleading, and so it has proved. The experience is likely to be repeated in 1985-86.

Members of Parliament, for whom this is the one annual opportunity to look at the whole of the Government's spending activities, will have to work hard to derive even this much information, because yet again there is no detailed information about how estimated out-turns compare with plans. In a publication which is so over-generous with numbers—a kind of fiscal alphabet soup—this omission looks almost deliberate. Clarity is supposed to be a major merit of cash planning; it is lost if the figures are omitted.

Realistic hope

In any case, readers should be warned that the figures in the White Paper are already out of date. They represent a partial revision of the figure as it was seen in October, but recent warnings of overshoot mean that there will be worse to come by Budget day. Even on these figures the apparently generous contingency reserve provided last year has already proved inadequate.

The miners' strike has made matters much worse than they would otherwise have been, adding to public expenditure—£1.1bn in support for the National Coal Board and a large hole in the finances of the electricity industry, as well as a loss of revenue; but it seems likely that the planned total would have been exceeded even without a major coal stoppage. Probably the realistic hope for 1985-86 is that the overshoot may just about be limited to the size of the contingency reserve, thanks to the unwinding of some of the coal strike effect.

The trouble is that, as before, the Government has re? sorted to some implausible plans and projections in the course of reaching a total which confroms to its broad policy objectives. The inflation assumption looks demanding, as usual, and some of the individual cuts—a 34 per cent cut in local authority spending on arts and libraries, to take a trivial example—look simply impracticable.

Planned squeeze

There is also, inevitably, an unrealistically low "pay assumption" for the public sector. The Government expects some slippage here; the low figure reflects the realisation that it will be taken by all negotiators as an absolute minimum. This year the figure given, 3 per cent, is not only unrealistic, but would be undesirable were it realistic. The pressures of recent years have already sharply depressed relative pay in the public sector. If we are not to court a reputation of past discontents and disruptions, followed by another catch-up pay review of the Clegg variety, relativities must be given a bigger role in future.

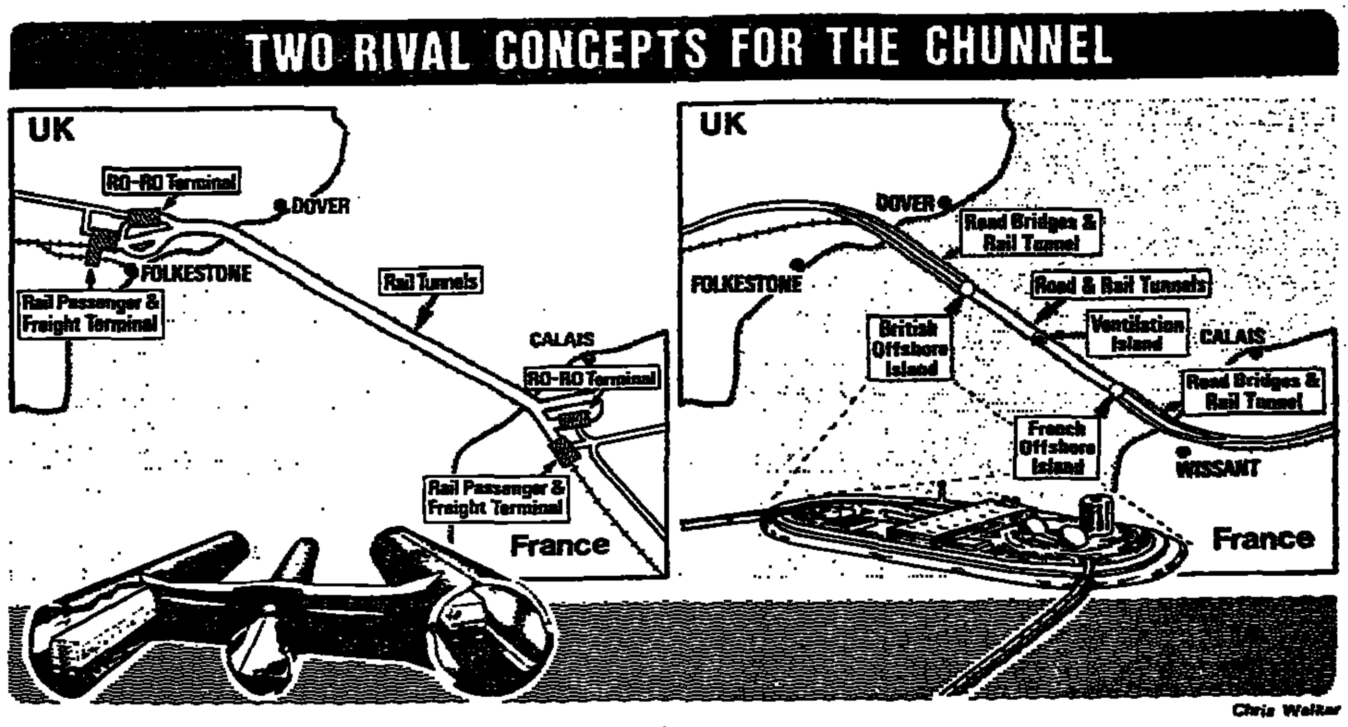
The other plan which is undesirable in itself is the continuing planned squeeze on public sector capital formation, which will be reduced by nearly a quarter in real terms over the next three years if defence "capital" is excluded. This confirms that capital spending is being used, as so often by the local authorities, as a balancing item to protect cash ow.

A company which ran down its assets in this way would soon earn a very poor rating in the financial markets. The Government publishes no balance sheet, so the neglect of public assets can be estimated only by inference. If Parliament could persuade the Treasury to be explicit on this subject, then the planning of capital expenditure — especially the investment which yields income directly or by way of enhanced economic efficiency — might be planned in relation to the economy's needs and the stat' of the infrastructure, rathe. than in terms of target numbers and ideological debates about job creation.

CROSS-CHANNEL LINK

Back in favour, but . . .

By Andrew Taylor



A twin bore rail tunnel (left) and a road and rail scheme involving bridges stretching out from the coast to artificial islands connected mid-Channel by a tunnel are two schemes currently proposed. Promoters include major British and French interests like Wimpey, Taylor Woodrow, Trafalgar House, British Steel, British Shipbuilders, Societe Generale, Banque Paribas, GTM Entrepose, the civil engineer, and Chantiers de l'Atlantique, the nationalised shipbuilder

IT MAY, after all, be possible to drive direct from London to Paris before the end of this century. Suddenly the idea of a fixed link across the Channel is back in political favour.

The most tangible result of this new found enthusiasm is that British and French civil servants have at last been able to start work on preparing guidelines. These, they hope, will provide the basis for a development project which both governments insist must be financed entirely by private investment. It is a large mountain to climb.

Promoters of cross Channel schemes face problems in two main areas: the political requirements which both governments will want satisfied; and the very tough commercial criteria on which banks or other investors will insist before parting with any money.

Three schemes have been proposed: a bridge, a tunnel and a combination of both. Their promoters—representing leading British and French industrial, construction and banking interests—have estimated costs at between £2bn and £5bn at 1983 prices. Rates of return of up to 9 per cent, after taking into account forecast inflation rates, have been suggested by the promoters.

Whatever the costs and merits of the rival schemes—an Anglo French banking study last year estimated that the maximum debt could rise as high as £50bn—they will not be able to go ahead without proper political guidelines.

No assistance from UK government

The most crucial single area is the wording of political guarantees designed to prevent either the British or the French governments from halting the project once work has started, or from interfering with fare scales once set. No one has forgotten that in January 1975 the incoming Labour Government unilaterally abandoned work on a Channel tunnel only months after it had started. There are also a number of other issues to be clarified (see box).

Beyond these, financiers will demand guarantees from government and promoters that the vital arithmetic of the project will not be drastically altered by delays either at the design or the construction stage. British developers are acutely aware how costs have spiralled in major public-sector developments like the Thames Barrier and the Isle of Grain power station.

Moreover, promoters of a Channel link cannot expect any assistance from government in the form of special tax concessions to help fun-raising. Officials are expected to rule out measures like tax-free bonds when they make their guideline recommendations to both governments at the end of next month, if only because Britain is still adamant that no taxpayers' money should find its way into the project.

Sir Nigel Broackes, chairman of Trafalgar House, the British construction, property and shipping group—and a leading supporter of a plan to put a combination of bridges and tunnels across the Channel—accepts that special tax concessions might conflict with government financial targets. But he argues that it may be necessary to consider some kind of large public share or bond issue to underwrite the finances of the project and overcome the banks' reluctance.

This second stage, of trying to establish real commercial credibility for both the project and its sponsors, is likely to prove very difficult.

Mr Ray Douse, a director of Hill Samuel, the London based merchant bank with wide experience of raising finance for large international projects, sums up the problems: "The private sector has successfully funded massive developments, such as the construction of the trans-Alaskan pipeline in the 1970s. However if financial markets are to advance large sums for a high risk venture, without the safety net of government financial guarantees, they will expect to see substantial owner operators prepared to back their judgment with their own money. Investors would have to be of sufficient stature to convince financiers that they would have the expertise, organisation and financial wherewithal to step in if things started to go wrong.

"In the case of the Alaskan pipeline, money was advanced on the security and commercial record of large successful oil companies with world-wide incomes which were able to guarantee the project would be completed."

By contrast a fixed link across the Channel is a single high risk project, with a single source of income. Such a link would have no intrinsic value other than the purpose for which it was designed; there would be no intermediate stage in development when investors could call a halt and achieve some kind of return, or get back money spent.

"No company would want to invest more than 10 per cent of its market capitalisation in a single project, so we are looking for companies with a market capitalisation of around £1bn, such as GEC and RTZ," says Mr Allen Sykes who was head of project valuation for RTZ when it was involved with the abortive Channel Tunnel attempt in 1975—and is now a director of Willis Faber, the insurance group.

"Currently the most glaring omission from the various attempts to deliver a privately funded Channel crossing is the lack of suitable equity sponsors. It is rather like trying to put on a production of Hamlet without the Prince of Denmark," he adds.

Some supporters of the project have suggested that it could be financed by giant corporate bond issues, like those made by U.S. bodies such as the New York Port Authority. They have a long tradition of successfully harnessing private investors' money to pay for infrastructure projects.

But a Channel link is on a very much larger scale. The company that runs it will be one of the top 20 businesses in the UK or France. This will require the strongest possible sponsor-owners, able if necessary to shoulder the burden of completion guarantees.

"Financial projections, forecasts of investment returns and technical feasibility studies will also have to be extremely robust to withstand the most critical scrutiny if investors are to justify putting their money into a scheme which can take 8 to 10 years from planning to completion—enough time for several changes of government and for two periods each of economic boom and recession," says Mr Sykes.

And it could cost as much as £80m just to pay for the detailed technical and financial studies which will be required to test the actual viability of the project

One of the most common causes of failure in giant projects is the failure of sponsors to recognise how high these preliminary costs can be—the cost of this work is usually in the range of 2 to 5 per cent of total forecast capital cost. For a £4bn scheme, says Mr Sykes, this could mean £80m.

Preliminary work could cost £80m

"I am not trying to be negative, just realistic about what needs to be done," adds Mr Sykes, who is not alone in wondering if there are companies willing to make this kind of investment.

Sir Nigel Broackes, along with other promoters of Channel schemes, believes the excitement the project will generate plus the high rates of returns which he believes will be achieved, will overcome the reservations of investors He has not ruled out the possibility of his company taking a stake in a fixed link development.

The reaction of one banker perhaps best expresses the current views of the financial markets. "I have yet to see a white elephant fly," he says. But he does not want to be identified; just in case he is wrong and the scheme goes ahead. He does not, after all, want to prejudice the chance that his bank might win a lucrative slice of any financing business.

THE POLITICAL ISSUES TO BE RESOLVED

SENIOR officials from the British and French governments are now deciding what requirements owners and operators of a fixed link across the Channel will need to satisfy. The issues to be resolved include:

- The power of the Monopolies and Merger Commission to influence fare structures—particularly if a fixed link started to achieve a near monopoly in cross-Channel traffic.
- Ownership rights: officials will have to decide whether private ownership should be permanent; whether concessions should be granted; how long these should run and whether concessions could be renewable. The answers will be crucial to financing a project which could take 20 years to repay its debts.
- Officials will also be anxious to remove any possible conflict between government demands that there must be no state financial involvement in the project and the nationalised status of British Rail and state-owned financial institutions and companies which will be involved in the venture. British Rail and its French counterpart SNFC will have to be involved given France's insistence that the scheme must include a rail crossing.

Operators of the link will want to negotiate contracts with the railway companies on the basis of an agreed fixed level of traffic. BR and SNFC will be expected to withstand any loss if there are insufficient passengers to justify this traffic.

- Responsibilities for providing additional inland infrastructure—such as extra rail and customs facilities in London to service through trains to Paris—will also be considered by officials. A report by UK and French civil servants in June 1982 estimated that the cost of providing inland infrastructure to complement a rail tunnel under the Channel could be as high as £200m.

... Motorway links between London the south-east cost—once the final section of the M20 is completed—are thought to be satisfactory.

- Government guidelines will also need to reassure investors and developers that procedures for hearing planning and environmental objections will not create the kind of costly delays that have bedevilled other projects in the UK, including sections of the M25 orbital motorway around London.
- Safety and security matters are also to be considered. Governments will need to be satisfied that a fixed link will be proof against accident, technical failure and terrorist attack.
- Customs and immigration procedures and facilities will have to be provided.
- Navigation issues will closely scrutinise — particularly if a bridge is to be strung across all or part of one of the busiest stretches ow water in the world. Promoters of the bridge scheme have said that spans would be long enough and high enough to accommodate the largest of vessels.

Men and Matters

The glass mountain

Who is the fittest company secretary in Britain? David Bricknell, aged 36, of Pilkington Brothers the glass-makers, must take some beating these days. He already has a sub-three hour marathon under his belt—albeit by just five seconds. But since it was in the Cumbrian Lakes and involved a 1,000 ft climb this brinkmanship can be excused.

Bricknell's next feat should put the title well beyond reach, however. He is going to be his company's man on the expedition to Everest that Pilkington is sponsoring this spring.

The uphill grind this time will see him climbing to over 19,000 ft and living there for several weeks. He will be in charge of base camp and the advance base camp, getting tons of equipment transported from Lhasa by 60 yaks and then across the Rongbuk glacier.

He complained yesterday that this week's thaw had interrupted some useful cold weather training. His Hungarian-born wife, Ilush, even suggested that he try a few nights in the garden in a sleeping bag, but he declined. "I'm going to have to rough it long enough, without starting now," he told me.

Last weekend he did some stiff hiking up Ben Nevis and Glencoe with Mal Duff and the Scottish climbers who will assault the world's highest mountain by a previously unclimbed route. He found that 40 miles a week of running had given him a fitness that amply compensated for mountain experience previously confined to gentle fell walking.

Perhaps where he does his running might also have something to do with it. Bricknell lives in Birkdale, Lancashire, and works out on the dunes and beach nearby that were used for training by the famous Grand National steeplechaser Red Rum when preparing to dominate the Grand National throughout the mid-1970's.

Bricknell returns from Everest two days before the London marathon, in which he has a place through the ballot. "But I'm not sure I'll be well enough to run it," he says. What a waste of altitude training!

March winds

A pithy debate was raging in Washington yesterday over President Reagan's first major decision of his second term in the White House—the cancellation of Monday's inaugural parade, due to "bitterly cold weather," for the first time in U.S. history.

It was not the wind chill factor that was at fault wrote an angry Washington Post columnist, but the "wimp chill factor—a mind-set that increasingly presumes that the human organism, particularly the brain, is not designed to cope with weather."

Further allegations of wimpishness, or sissiness, came surprisingly from the right-wing Washington Times, usually the administration's most loyal journalistic supporter. What was to be thought of "these Southern Californians" who couldn't take it the moment the sun dipped behind the Hollywood hills to cast shade on the swimming pool? it asked tartly.

In its editorial columns, the Post disagreed with its "die-hard" columnist, Ken Ringle, arguing that the drum majorettes' bare knees would have turned purple. Ringle retorted that it probably felt just as cold at President Kennedy's inauguartion in 1961, only the wind chill factor had not been invented then. Wasn't the Reagan administration dedicated to individual ruggedness?

Greek lessons

The western powers have found Greece an uneasy bedfellow at times since Andreas Papandreou was elected Prime Minister on an anti-NATO platform four years ago.

"Sounds suspiciously like a commercial for his memoirs to me"

Earlier this month he adopted a provocative new defence policy in a blaze of publicity declaring his NATO ally, Turkey, to be a greater threat to Greece than the Communist Warsaw Pact.

All of which helps explain a small explosion at the NATO Defence College, Rome, this week. Greece has withdrawn abruptly from the college in a row over a clasroom exercise

The three Greek students and a lecturer at the college (which trains officers and civil servants in strategic studies) were instructed by Athens to leave

The theoretical exercise which so upset Greek susceptibilities involved a simulated coup in Athens. It highlighted the socialist government's distrust of the western alliance. The Greek students asked to take part did not find the idea of political upheaval in their own country to their taste, and they walked out.

Papandreou's supporters are now making political capital in their own style by accusing NATO of having collaborated with the colonels who ruled Greece between 1967 and 1974 after a military coup.

The college row may be just a storm in a classroom. But diplomats fear that tension between Athens and NATO will increase this year in the run-up to the Greek general elections.

Title deeds

The weighty deliberations at Barclays (aided by this column) over what to call their new securities venture with Wedd Durlacher and de Zoete & Bevan are over. The name, it was announced yesterday, is to be Barclays de Zoete Wedd.

Not, perhaps, a choice that sparkles with originality. But then the idea was to weave all three names into something that slipped reasonably off the tongue rather than try and be clever. The alternative, something like Barclays International Securities, would have pushed the other two partners into oblivion.

A lot of thought went into the order of the names, though. Obviously Barclays had to come first. But there is more than alphabetical order to the others.

De Zoete's as a stockbroker with thousands of retail clients, it was felt, was a much more "up front" firm than Wedd's, a jobber which operates in the inner sanctums of the stock market and has only 300 customers. So its name ought to be more prominent.

The new group is about to come together in new premises in Ebbgate House down by the river. Then comes the tricky job of getting it ready for the Big Bang in 1986.

My thanks to readers who responded to my appeal for suggestions. The best was undoubtedly Michael Perry's Barclays Wedd-Zoete (for stormy waters, geddit?) and he will be getting a bottle of champagne for his pains.

Observer

BASE LENDING RATES

A.B.N. Bank	12 %	Hong Kong & Shanghai	12 %
Allied Irish Bank	12 %	Johnson Matthey Bkrs.	12 %
Amro Bank	12 %	Knowsley & Co. Ltd.	12½%
Henry Ansbacher	12 %	Lloyds Bank	12 %
Armco Trust Ltd.	12½%	Mallinhall Limited	10 %
Associates Cap. Corp.	12 %	Edward Manson & Co.	13 %
Banco de Bilbao	12 %	Meghraj and Sons Ltd.	12 %
Bank Hapoalim	12 %	Midland Bank	12 %
BCCI	12 %	■ Morgan Grenfell	12 %
Bank of Ireland	12 %	Mount Credit Corp. Ltd.	12 %
Bank of Cyprus	12 %	National Bk. of Kuwait	12 %
Bank of India	12 %	National Girobank	12 %
Bank of Scotland	12 %	National Westminster	12 %
Banque Belge Ltd.	12 %	Norwich Gen. Tst.	12 %
Barclays Bank	12 %	People's Tst. & Sv. Ltd.	13 %
Beneficial Trust Ltd.	13 %	Provincial Trust Ltd.	12½%
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Perm'nt Trust	12 %	Royal Bank of Scotland	12 %
Cayzer Ltd.	12 %	Royal Trust Co. Canada	12 %
Cedar Holdings	11 %	■ J. Henry Schroder Wagg	12 %
■ Charterhouse Japhet	12 %	Standard Chartered	‖12 %
Choulartons**		Trade Dev. Bank	12 %
Citibank NA	12 %	TCB	12 %
Citibank Savings	‡10½%	Trustee Savings Bank	12 %
Clydesdale Bank	12 %	United Bank of Kuwait	12 %
C. E. Coates & Co. Ltd.	12½%	United Mizrahi Bank	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		
■ Hill Samuel	§12 %		
C. Hoare & Co.	†12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.75%, 1 month 9.50%. Fixed rate 12 months £2,500 8.75% £10,000 12 months 9.00%.
† 7-day deposits on sums of under £10,000 8½%, £10,000 up to £50,000 9¼%, £50,000 and over 10¼%.
‡ Call deposits £1,000 and over 8¾%.
§ 21-day deposits over £1,000 10%.
‖ Mortgage base rate.
¶ Demand deposits 8¾%.
** See Provincial Trust Ltd.

Sweden's nuclear programme

Buried at sea—for up to 500 years

By David Fishlock, Science Editor

BENEATH the seabed, off the west coast of Sweden, excavations are well advanced for a nuclear "dustbin" to hold the radioactive wastes from a programme that will soon be supplying 50 per cent of the nation's electricity. The main bins, half-a-mile offshore, will be silos deep enough to take Nelson's Column.

The scheme, which is proceeding with minimum fuss—for the offshore site intrudes into no one's constituenecy—is one Britain could adopt to take the heat out of objections to present proposals for land-based waste repositories.

No nation underwent a more heated debate over nuclear power than Sweden in the late 1970. It culminated in 1980 in a referendum which offered its 8m people the choice of three options: to abandon nuclear electricity forthwith; to abandon it in 1990; or to complete the nuclear programme as planned to provide about 50 per cent of electricity, but abandon it when the reactors came to the end of their lives.

The Swedes chose the third option. The government then interpreted this as an instruction to the electricity supply industry to prepare for a shutdown of all surviving reactors by December 31, 2010.

The political decision immediately defused a debate which had grown quite uncharacteristically divivise. It also reinvigorated the nuclear industry which was given a clear brief to complete four more reactors and to construct the facilities needed to accommodate used nuclear fuel and wastes from another 30 years of nuclear electricity production, and all the debris from dismantled nuclear plant. As a result, no nation has made greater progress in managing *its nuclear wastes.*

No nation underwent a more heated debate

The industry is now commissioning the last of the 12 Swedish power reactors, built in record time and—in the case of ten already on-load—enviably high perfomance. It has even begun to squeeze a few per cent more power than the name-plate rating from some of the reactors, hoping for the equivalent of an extra half-a-reactor in all. Soon it will have three times the nuclear capacity of 1980.

It is also commissioning the first of its disposal facilties, a subterranean cavern carved in granite, designed to store all the used fuel from all Swedish reactors for up to 60 years. They call it Clab, an acronym which admittedly lacks the poetic air shown by Americans when they named a nuclear reactor Clementine: it was built in a cavern, in a canyon. In the past two years Clab has been transformed from a dank cavern into a plant of great physical beauty, buried beneath some 30m tons of bedrock. Vast stainless-lined pools of crystal-clear water await the arrival of the first used fuel this summer. A handful of operators patrolling the gleaming white cavern will take in 300 tonnes of highly radioactive fuel a year and stow it beneath 8m tonnes of water to shield its rays. The entire £170m facility is controlled from a battery of visual display units.

In mid-summer, a unique vessel called Sigyn now docked at the port of Oskarshamn, near Clab in south-east Sweden, will sail to collect its first cargo of used fuel for storage in Clab. In Nordic mythology, Sigyn is the dutiful wife whose vessel protects her husband Loki from drips of poison.

This £7m vessel has been designed to transport both used fuel and radioactive wastes of all kinds from the coastal Swedish nuclear stations to the repositories. It is an armoured ship with some ice-breaking capability, which will operate from harbours owned by the nuclear industry, but will sail in international waters on normal routes, the Swedes emphasise. *Its cavernous hold* can take ten 80-tonne fuel flasks, using lashings designed to hold them securely against a shock as violent as one G (gravity).

According to Mr Bo Gustaffson, manager of Clab and *associated transport operations* for the Swedish Nuclear Fuel and Waste Management Company (SKB), Sigyn has a substantial backlog of work in fuel accumulated at the nuclear stations, awaiting storage in Clab. It needs to move this fuel fast in order to ensure that refuelling of reactors is not hampered by lack of space for the used fuel next year. The Swedish economy is now heavily dependent on the continuity of its nuclear electricity supply. Sigyn is expected to make 15-20 deliveries to Clab each year.

From 1988, Sigyn will also begin to bear radioactive wastes in store at the nuclear stations to Forsmark, 150km north of Stockholm. Here, close to three nuclear reactors, the Swedes are again applying the rock-tunnelling skills they once perfected for hydro-electric projects, to the excavation of the offshore repository for reactor wastes, known as SFR.

Like Clab, the SFR is planned as a small underground town. Each silo is almost as big as the concrete containment around a reactor.

The silo will be sub-divided into vertical channels in which wastes pre-packed ("conditioned") at the nuclear stations can be stacked by remotely controlled lifts. Once full, the silo will be sealed for ever with a concrete cap. In total, this repository is planned to hold 90,000 cubic metres of conditioned wastes. The silos will hold 40 per cent of the wastes but 90 per cent of the activity.

As planned, this repository will be for wastes which within 500 years will have decayed to a radioactivity no greater than the natural radiation of the rock.

For the present, the Swedes have no problem with high-level wastes. Earlier plans to send some of the fuel for reprocessing in Britain and France have been abandoned in favour of long-term storage in Clab—it is cheaper, they claim.

Nevertheless, Swedish law requires the electricity companies to show that they have worked out an ultimate fate for the used fuel. This has been done by their jointly-owned *company SKB. Last summer the* government accepted SKB's scheme, which cleared the way for fuelling of the last two *Swedish reactors.*

The scheme, in essence, is to seal up the used fuel, without breaking it open, in a highly *corrosion resistant can such as* copper filled up with lead. Effectively, the cans then become ingots of highly radioactive waste.

The politicians remain very nervous

With the last two reactors expected to come to full power this year, Sweden has completed its nuclear programme "without opposition," says one utility chairman.

By calculating precisely how much nuclear waste will arise, and to make full provisions, the Swedes are demonstrating convincingly what Mr Michael Heseltine, when British Environment Secretary, once claimed: thta nuclear waste is a *management and not a* technical problem.

In 1981, the government set up a committee to decide how the *reactors should be replaced* after 2010. Its report, called "Instead of Nuclear Power," is now being circulated for comment.

According to Mr Hans Lowbeer, th elawyer and senior civil servant who was chairman *of the study,* the report is a testimonial to nuclear power. It *failed to find an economic alternative.* Part of his committee—mainly MPs wished to ignore this aspect and focus solely on defining a plan for shutting the nuclear reactors on schedule.

By a narrow majority, however, the committee agreed that even on the basis of the lowest electricity demand forecasts, the nuclear capacity must be replaced with something. Imported coal, hydro or a mixture were the best prospects. Alone hydro could not offer enough, even if environmental objections could be allayed.

Swedish politicians are still nervous of the possibility that the nuclear issue might re-erupt as a very divisive issue in politics. Dr Hans Blix, a former Foreign Minister, now director-general of the International Atomic Energy Agency, recounts wryly how Swedish communists argue that nuclear power is good for Communist countries but bad for capitalist countries.

Nuclear safety is *not* the issue in Sweden, claims Mrs Birgitta Dahl, Sweden's Energy *Minister. The reason* why nuclear power is being phased out is simply in order to preserve political unity.

The nuclear industry itself takes a phlegmatic view. In the long run, it is confident two factors are working in its *favour. One is the growth of* electricity consumption in Sweden. The other is a growing appreciation that the year 2010 *will find its 12 reactors still far* from the end of their economic life.

World debt

Why donkeys thrive on great projects

By Laurent Murawiec

THE FRENCH philosopher of the Middle Ages had a story about the man who wanted to reduce his donkey's food intake. He gradually diminished the quantities, and as the unhappy animal was "just about getting used" to do without food, it unfortunately died. The parable may be applied to debtor nations: any local banker knows that the indebted industrialist must be able to produce in order to break even, make a profit, repay his debt and plough whatever remains back into the company's expansion, in the form of investment, labour and overhead costs.

The policy of "adjustment," however, usually associated in the speeches of central bankers and others with the *adjective "painful," has the* opposite aim. Debtors have not only slashed their level of outright consumption since 1982, *but also the very foundations* of any future growth: infrastructure projects in water management, energy generation, transportation, as well as investment in industrial capacity have been drastically reduced. Further, the brutal cuts in standards of living in countries where many live at or below the breakeven level required for a productive activity endanger the demographic fabric of their economies. When life-saving medicine grows scarce because of import cuts, the future economic potential is undermined.

An endless series of proposals for financial reorganisation has *been floated* in the last two years. Most of these boil down to stretching the maturities of repayment, alleviating the interest burden in some form or tying debt repayments to some parameter such as exports. The defect in all such proposals is their common assumption that the donkey is "just about getting used" to the now-chronic austerity afflicting it. But, *it* is the debtor nations' economic *capital,* rather than their *current* income, which is being eaten up in debt repayment.

The mirror image of the "anti-profligate" theory—preaching that bankrupt debtors should be made to pay the price of past follies, regardless of the role of dollar interest rates in making the debt crisis so explosively unmanageable—has been the "profligate" advocacy of mass-issuance of SDRs, or other forms of "bail-out."

The pathway to a productive outcome of this crisis lies in combining financial reorganisation with large-scale infrastructure projects capable of raising the productivity of the economies involved.

The Mitsubishi Research Institute, working under the direction of Mr Nakajima, produced a few years ago a plan for a "Global Infrastructure Fund" (GIF), whose seed-money would come from the main OECD nations. A series of well-designed Great Projects was outlined: digging a canal through the Isthmus of Kru in Thailand; creating a second Nile River a few hundred kilometres west of the ancient riverbed, thus multiplying *Sudan's and Egypt's* arable land; developing an internal sea around Lake Chad, diverting part of the waters of the River Zaire; a huge water management project for the Ganges-Brahmaputra basin, regulating the flow and generating energy.

An endless series of proposals has been floated

Mr Nakajima's idea is *not* a "Keynesian" pump-priming exercise, nor a simple "public works" approach to depression. The GIF was inspired by old lessons in economic growth, such as were demonstrated by railway development in Europe and North America. The development of ports, railway lines, townships around them, modern agriculture, water desalination through use of nuclear energy, etc., would seem to be the most self-*evident way to re-establish the* indebted economies.

"Who will pay for all these nice projects?" ask voices in *the background. There it is* that the coupling of the financial and the economic facets becomes the decisive factor. While the "New Deal" did nothing substantial to stop the depression of the 1930s, building the war machine under Roosevelt in 1938-39 not only mopped up the Great Depression in record time, but presided over one of the greatest waves of economic growth in history. The secret lay with credit policies.

A military contractor or sub-contractor, or an entrepreneur with a contract to produce machines for the war machine, could go to his banker with the contract, and the loan which the banker agreed to extend could then be discounted at minimum interest rate by the central bank, while maturities were considerably extended. U.S. inflation decreased during World War II. The leaps and bounds in productivity "bought back" the enormous amounts of credit issued.

Let the old, unpaid and unpayable debt of present-day borrowers be exchanged for a new, low-interest, long-maturity debt; the precondition for consolidation should be adhesion to the Great Projects. On the bankers' side, to secure their balance sheets, let their new *claims* be discounted under similar terms of interest and maturity with the central banking authorities of their respective countries, on the condition that the proceeds be strictly redistributed to finance productive investment and exports. The discounting would have to be gradual, perhaps degressive: 50 per cent of the claims would be eligible in year one, 30 per cent in year two, etc.

"Global solutions" have a bad reputation. It appears, however, that the nations represented at a series of Latin American conferences held at ministerial level, and de facto constituted in a debtors' cartel—not a cartel to default, but a cartel to act jointly, whatever the action will be—are thinking in this direction. Beyond the sine-wave-like reports of "*optimism*" and "*pessimism*" on he debt front, the squeeze on the debtors' economies, their body politic and their social fabric has continually reduced their room for manoeuvre. It might prove wise to start looking at the (not-dissimilar) proposals they have issued on the matter before the crisis claims more victims, on all sides of the debt divide.

The author is the European Economics Editor of the New York-based Executive Intelligence Review weekly magazine.

Letters to the Editor

Reality and jobs

From Mr D. Pitts.

Sir,—I am reassured to read David Howell's article (January 16) concerning "Jobs in the UK."

At least, there is one politician who takes a realistic view of the major problem facing this country—occupation, rather than necessary employment.

If one looks back over the years of industrial development, *the hours of lifetime work have* progressively been reduced—why then, is this age any different? Most people in the community must realise, at least, there is no great prospect for full employment on the present working lifetime basis.

Certainly, many businessmen know that training must be increased and developed. Being a member of the electrical contracting industry, I am aware that, due to good and sensible industrial relations, over many years, training and pay are now realistically realigned to the future, not allowing youngsters to be priced out of an apprenticeship—and doing it with Youth Training Scheme co-operation—why don't others follow?

There still remains, however, the growing hard core of unemployed, maybe 2m plus. They must be occupied or they will stagnate and become a potential "powder keg" for the country. Why doesn't Government follow the broad approach of the four points made by David Howell and also look closely at how the Swedish system works—as described in your "Unemployment in Europe" articles, prior to Christmas. *It seems* that even in Sweden, you have to contribute to society, before you receive benefit.

Perhaps a little organisation would ensure that the middle-aged unemployed, with managerial skills, could help occupy and develop those who would otherwise degenerate into oblivion, or at the worst, "explode" in the Government's face with dire consequences for society and long-term progress of this country.

David Pitts.
413, Cutler Heights,
Bradford, W. Yorks.

Miserly and mean

From Mr T. Russel

Sir, — Your report "Poor rely more on state cash benefits" (January 17) is further proof — if more is really needed — of the continuing sad decline of Britain as a country that cares very much any more about the plight of those at the bottom. It's not as though it can't afford to do more for the poorest 20 per cent: it can — but it just won't.

Moreover, it seems as if the *"fortunate" 80 per cent don't* care overmuch about the continuing and frightening retrenchment of public investment *in community* facilities like roads and buildings. Otherwise, surely they wouldn't accept it so stoically and passively — with the same docility as the Conservative Party, a party that used to care about these matters and a party of which I am a member.

It's all very, very sad — and indefensible of course. That Britain continues to decline economically is bad enough: but when it also becomes a miserly, miserable and mean society — which is how it is seen increasingly from here — what hope is there?

Trevor Russel.
45 chemin de Planta,
1223 Cologny, Geneva

Allowances and employment

From Mr J. Dunlop

Sir, — If the Chancellor *wishes to reduce taxation other* than by giving higher tax allowances to the lower paid he should link any onther reductions to increases in employment. Tax reductions should be limited to those businesses that can show increases in the number of employees paying National Insurance contributions. For example he might give an allowance of 10 per cent to firms showing an increase of 10 per cent in the number of employees.

John P. C. Dunlop.
17 Randolph Crescent,
Edinburgh

Levy on pension funds

From the Marketing Director, Legal and General Assurance Society

Sir,—Lex (January 21) speaks of a 10 per cent tax levy on pension funds' investment income as within the bounds of political acceptability. For a typical fund with the employer contributing twice as much as the employee, the resulting extra liability would amount to 3.6 per cent of the employers' payroll.

Whatever else it might be, a levy approaching four times the late but unlamented National Insurance surcharge would not be industrially acceptable.

Lex also speaks of the importance of preserving the health of the pension fund industry. But the pension fund industry is no more and no less than the sum total of employers' pension funds. What matters is whether they will be able to maintain existing promises to future pensioners and their widows, after the imposition of the tax which might all too easily be increased in later Budgets.

J. B. Craddock.
11 Queen Victoria Street, EC.

A loaded topic

From Mr T. Young

Sir,—I read "How an Italian gunsmith won the West" (January 17) with great interest and pleasure that at least one UK newspaper actually knows what a pistol is. I have *spent many years correcting* nearly all articles I have ever seen in UK papers—until I stopped as I ran out of time and paper!

I just had to write and comment, however, about one flaw in such an otherwise excellent *article. I refer to* column 2, last paragraph.

The standard U.S. military pistol is the Colt 1911 automatic pistol which is in .45 in calibre. Adopted about 1911, this has a magazine (Americans call this a "clip") which fits into the butt. This magazine holds 7 rounds. In addition one could have 1 round in the breech—but for safety reasons this is not advisable. You load the 7 rounds at one go into the magazine and then you load the magazine at one go into the pistol.

This is exactly the same as the Beretta, the only difference is that the Beretta magazine holds 15 rounds. To load a *15 round magazine would* take longer than a 7 round magazine because there is more to load in to it, but to insert a loaded magazine into either a Colt or Beretta would take exactly the same time.

What your writers have done *is to talk about the Colt* revolver which more or less was replaced in the U.S. military in 1911-1917 when the Colt *automatic pistol* was issued. There are revolvers of various makes in U.S. military and Coast Guard useage, but it is *the 1911 automatic pistol* that is being replaced because it is an old design, it only holds 7 rounds as opposed to 15, is *single action as opposed to* Beretta which is single or double action (look that one up!) and nobody makes the Colt 1911 automatic pistol anymore or the spare parts.

Incidentally the Colt revolver holds 6 rounds in the cylinder which more or less have to be loaded one at a time which is what your article says when referring to the other pistol in error.

T. W. Young.
38, Stanstead Manor,
St James' Road,
Sutton, Surrey.

A pinch of salt

From Mr G. Watts

Sir,—At this time of year, all over the country, we spend millions of pounds spreading a mixture of salt and grit over our roads. Is this really necessary?

The principle is known to every schoolboy: if salt is added to water, the freezing-point is lowered. There are, however, two fallacies in the theory. First is the assumption that the salt is evenly spread; this obviously cannot be so. Therefore the effect will at best be an irregular one. Also the latent heat needed, as every schoolboy also understands, will cause any water or partially melted ice not mixed with salt to freeze. This will lead to the formation of a *sheet of ice where* there was previously only slush—a more dangerous situation than before.

Since the advent of the motor vehicle the whole principle is surely out-dated, for the most important factors in *clearing our roads are first the* pressure effect of traffic, which as every schoolboy again knows, causes ice to melt, and the heat from the exhaust of vehicles.

The effect of grit is simpler—a matter of increasing friction, but how necessary is this with *modern tyres, except in extreme* circumstances?

The cost of salting and gritting our roads is enormous, *not only in the direct costs of* buying and spreading it, but also indirectly from secondary damage. The cost to car makers *and car owners* is well-known. Less known is the damage to other items such as shoes—salt is a solvent of collagen, the main natural component of leather.

There does not ever seem to have been a properly-controlled *test to find out whether salting* does make roads safer, but on the occasions when it has not been done the accident rate does *not appear to have risen. Might* I suggest therefore, that it is time for us to find out just how much benefit we gain from this expensive habit and how widely we should carry out either gritting or salting our roads.

G. T. Watts.
4 Amesbury Road,
Moseley, Birmingham.

FINANCIAL TIMES

Wednesday January 23 1985

Shake-up helps put Pechiney back in profit

By Paul Betts in Paris

PECHINEY, the French state-owned aluminium group, yesterday reported net earnings of FFr 500m ($51.5m) for 1984 after a FFr 463.2m loss the year before.

In 1982, Pechiney had a total deficit of FFr 4.6bn, including a FFr 1.6bn special loss provision for its former chemical assets, subsequently taken over by Elf-Aquitaine, the state-controlled oil group. Sales last year rose 21 per cent to FFr 35bn, compared with the 1983 figure.

Pechiney announced its provisional results for 1984 as M Georges Besse, its chairman, was nominated to take over from M Bernard Hanon at Renault.

The state-owned car group was holding a board meeting yesterday to ratify his appointment as Renault's new chairman.

Pechiney's results reflect M Besse's successful efforts to restructure and return the French group, which is the world's third largest aluminium producer after Alcoa and Alcan, to profit.

But last year's second-half earnings were down on those in the first-half. In the first six months of last year, Pechiney recorded net earnings of FFr 307.5m, compared with just under FFr 200m in the second half.

After benefiting from the recovery in aluminium prices in the first half, Pechiney was hit by the sudden downturn in the world aluminium market in the second half.

Pechiney, like other aluminium producers, was forced to reduce aluminium capacity last year.

M Besse's departure thus comes at a delicate time for the group, which is still in the middle of a major restructuring programme, while the aluminium market is again under pressure.

The French Government, which is finalising the sums it will advance in capital grants to state-owned industries this year, is unlikely to make a substantial financial capital contribution to Pechiney in 1985, if any at all.

The Government, under budgetary pressure, is expected to devote the bulk of capital funds this year to Renault (about FFr 2bn in grants); the steel groups; and Thomson and Bull, the electronics groups.

Pechiney is involved in the first phase of its French aluminium modernisation programme, involving investments of about FFr 900m in the Saint-Jean de Maurienne aluminium plant in Savoy.

The first phase is due to be completed by the end of next year. Doubts have already been raised about the second and more ambitious phase of the French programme involving investments of FFr 3bn – FFr 4bn.

This phase envisages the creation of a second major aluminium plant *in south-west France at Nogueres.*

Mme Edith Cresson, the French Industry Minister, yesterday said a new chairman would soon be named to replace M Besse at Pechiney. Many industry sources say the new chairman could emerge from Pechiney's ranks. The name of M Georges-Yves Kervern, head of the group's aluminium division, has been mentioned as a possible candidate.

● CDF Chimie, the chemicals subsidiary of Charbonnages de France, the French coal board, cut losses sharply to FFr 700m in 1984 from a deficit of FFr 2.8bn in 1983. Group sales rose by 18 per cent last year to FFr 23bn compared with the year before.

The group saw its financial performance improve in the first half of last year when the loss was reduced to FFr 50m compared with a first-half loss of FFr 980m in 1983. In the second half, however, the general economic situation and the softness of the plastics market pushed losses up to FFr 650m.

Brazil seeks multi-year debt rescheduling deal

BY ANDREW WHITLEY IN RIO DE JANEIRO

SR ERNANE GALVEAS, the Brazilian Finance Minister, is due to open negotiations next Tuesday with the country's official creditors *on a multi-year rescheduling agree*ment covering an estimated $6bn to $8bn in principal and interest.

The Paris Club negotiations with representatives of 16 foreign governments will run while Brazil's bank advisory committee is holding talks in New York on a similarly ambitious rescheduling package. Brazil is likely to be the first debtor to win a multi-year package from governments along lines proposed at last year's London economic summit.

The bank talks, which are being headed by Sr Affonso Celso Pastore, Brazil's central bank governor, and Mr William Rhodes, of Citibank, are due to resume on Monday for what both sides agree is likely to be the final round.

Over the past two days the Brazilian economic authorities have been meeting to discuss their counter-proposal to be presented to the banks on the key dispute over what "spread" should be charged on the $45.3bn worth of bank debt involved.

A representative of the incoming Tancredo Neves Government has been taking part in the strategy discussions in Brasilia. Sr Francisco Dornelles, currently head of the federal tax authority – and Sr Neves's nephew – has been acting as an informal channel of communication between the outgoing and incoming administrations.

In Paris next week, Sr Galveas will lay out to the official creditors a proposal covering the roll-over of most government debt amortising between 1985 and 1990 or 1991, according to a senior finance ministry official.

Brazil is hoping to achieve symmetry with its commercial debt arrangements, with the difference that along standard Paris Club procedures, it will also seek to include part of the interest falling due over this period as well.

Its first, $3.8bn, package of rescheduled official loans – which covered 16 months to the end of 1984 – included interest payments. But Government officials are less *confident that they will be able to* repeat this achievement in the second package.

Between $3bn and $3.5bn in official loans are due for repayment this year, according to preliminary official figures. Technically, payments should already have begun.

Delays in concluding the final, bilateral agreements necessary under the first Paris Club package, as well as hold-ups over the parallel bank talks, set back the original schedule of talks with Brazil's government creditors.

● Brazil's President-elect, Sr Tancredo Neves, today starts his first tour abroad as the country's new civilian leader. In Rome he is due to meet Pope John Paul II and President Sandro Pertini. The two-week tour will also take *him* to *Lisbon.* Washington – for a meeting with President Ronald Reagan – Mexico City and Buenos Aires.

Swedish inflation of 8.2% is double target

By Kevin Done in Stockholm

SWEDEN's inflation rate jumped to 8.2 per cent in the year to December 1984, more than double the target set by the Government.

The fight against inflation is one of the major economic challenges facing the country's Social Democratic Government. The inflation rate moderated slightly last year, but Sweden's performance is clearly worse than all its major trading partners.

Inflation in the year to November averaged only 4.2 per cent in Sweden's eight main trading partners, compared with the Swedish rate of 7.4 per cent.

The inflation rate has also slowed in Sweden . It fell to 8.2 per cent (on a 12-month basis) in December 1984 from 9.3 per cent a year earlier and 10 per cent in the 12 months to December 1982.

Consumer prices accelerated again in December because of a number of tax increases on items such as petrol, electricity, tobacco and alcohol.

The Swedish Government is still officially keeping to its target of cutting inflation to 3 per cent by the end of 1985, but most economists consider the target unrealistic.

The employers and the blue-collar trade unions yesterday agreed to resume later this week their protracted negotiations on a national wage settlement for 1985. The Government still hopes that the two sides will reach a settlement in line with its voluntary ceiling of a 5 per cent rise in total wage costs.

The unions have agreed to ease demands for improved sickness benefits which would have pushed their claim well over this limit.

● Mr Lennart Bodestroem, Sweden's Foreign Minister, said yesterday Sweden and South Korea would expand economic and trade co-operation, Reuter reports.

Earlier in the day, Mr Bodestroem and Lee Won-Kyung, South Korea's Foreign Minister, signed an agreement on economic, industrial, technical and scientific co-operation

Insurers face down-to-earth problem after satellite rescue

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

INSURERS are facing difficulties in recovering up to $50m from reselling two space satellites which were rescued from deep space in a unique salvage mission.

Mr Denis Floyd, an underwriter with Eagle Star and chairman of the Aviation Insurance Offices Association, said yesterday in London that he thought it "unlikely that underwriters will recover anything like" the amounts that they had first hoped to collect in order to meet $180m of losses.

Following the malfunction of two satellites last year – the Westar 6 and the Palapa B-2 – underwriters were faced with insurance claims of $105m and $75m, respectively.

Insurance underwriters, including representatives from Lloyd's of London, backed an expensive recovery mission in order to return the satellites to earth for refurbishing and resale.

In return for paying claims to the Indonesian government, which launched the Palapa B-2, underwriters took over the title of the satellite, becoming its new owners. They hoped to resell the satellite to the Indonesians but according to underwriters they are not prepared to offer enough. So far, it is believed that the Indonesians have offered $15m, which has been regarded as unacceptable.

Underwriters of the Institute of London Underwriters, representing more than 100 insurance companies operating in the marine insurance market in London, said that they were experiencing "better times" with their hull insurance accounts but warned that the market was experiencing serious problems in the cargo and offshore sectors.

Shipping tonnage lost last year was down "slightly" on the 1.35m gross tons lost in 1983, while the number of ships lost was slightly up, as was the total cost of ships lost. In 1983 $750m of shipping was lost, and provisional figures indicated that this figure had risen.

London insurers carry the risks of around 40 per cent of shipowners' total fleets. Total premium income of the London market is around £1.5bn ($1.68bn).

The institute warned yesterday that currency fluctuations might adversely affect underwriters' expense ratios. Most of underwriters' premiums were earned in dollars, while their expenses were incurred in sterling. If sterling started to strengthen against the dollar, "the expense ratio would take off dramatically and the weakness of our premium income to cover costs as well as claims would be well demonstrated to our discomfort," the institute said yesterday.

Striking UK miners caught in a pincer

Continued from Page 1

The signs yesterday were that there will be no such indication – although several members of the executive did confess to real anxieties about carrying on the strike without talks. But, for the most part, they object more strongly to giving away their bargaining hand in advance, which is how they interpret the NCB-Government line.

Without exception, they point to the decision two weeks ago to broaden the negotiating team to include the full executive, and the emphasis that talks would take place without preconditions, as being significant concessions which *should tempt the board back to the* negotiating table in the expectation of some progress.

Mr Neil Kinnock, leader of the opposition Labour Party, said last night that both the NUM leadership and Mr Ian MacGregor, chairman of the coal board, were ready to resume talks.

During stormy exchanges in the House of Commons, he accused the Government of not favouring talks until more than 50 per cent of miners had been "driven back to work." (The board claims that 40 per cent is now working.)

Mr Kinnock, said that Mrs Margaret Thatcher, the Prime Minister, *was allowing her "cynicism and vin*dictiveness" to overwhelm her sense of duty.

Mrs Thatcher insisted that if Mr Kinnock wanted more talks, he should advise the NUM to withdraw its "impossible demand" that no uneconomic pits should close.

The Prime Minister said that seven rounds of talks had already foundered because the NUM leadership had refused to budge.

Mr Hunt, however, and Mr Michael Eaton, the NCB's communications chief, last night strongly denied that the Government had wished to prevent talks. The charge *was based on the suspicion that the* "talks about talks" on Monday between Mr Peter Heathfield, the NUM general secretary, and Mr Ned Smith, the board's industrial relations director, were aborted by the Government.

Whether or not fresh talks are arranged, the board is confident that more miners will abandon the strike, increasing the pincer pressure on the union. Mr Eaton commented last night: "It is likely that the present rate of return to work will continue or increase, as the number of members of the union who are distressed by the situation find it is the only way of expressing their distress."

British public spending

Continued from Page 1

As part of its anxious search for savings and extra sources of revenue, the Government appears to have agreed that prescription charges will go up by twice the rate of inflation during the three-year planning periods.

Other points which emerge from the white paper are:

Inflation – measured by the gross domestic product deflator, is assumed to continue to fall from 4¾ per cent in the current financial year to 4½ per cent in 1985-86, 4 per cent in 1986-87 and 3¼ per cent in the following year.

Unemployment – The calculations assume that unemployment excluding school-leavers will remain steady at 3m for Britain.

Debt interest – The Treasury has become substantially more pessimistic about the cost of servicing the national debt since a year ago. This reflects the disappointment of its hopes that interest rates would fall rapidly as well as higher-than-expected borrowing.

Nationalised industries – The Treasury is expecting the nationalised industries to be making enough profits by the end of the period to start repaying borrowings. However, in the current year, state industries are expected to require £3.2bn of external finance, which is £1.33bn more than was planned in the last White Paper.

Overseas aid – The total for next year (£1.13bn) has been preserved from previous plans, but the new figure for 1987–88 represents a cut of 3 per cent in real terms

Strong growth in U.S.

Continued from Page 1

The GNP estimates came in the wake of other recent data, suggesting that the economy has begun to strengthen after a lull in the late summer and autumn. Last week, the Federal Reserve Board reported that industrial production had risen by a healthy 0.6 per cent in December.

Last year's 6.8 per cent growth rate was the strongest since the 8.3 per cent recorded in 1951 and, compared with a 3.7 per cent advance in 1983, the first full year of recovery from the 1981-82 recession.

The upward revision of the last quarter figure to as much as 3.9 per cent had not been expected by most private forecasters, some of whom had thought that the first estimate of 2.8 per cent would be revised downwards.

It followed growth in the third quarter of only 1.6 per cent, a sharp fall from the 10.1 per cent and 7.1 per cent recorded in the first and second quarters, respectively.

The rise in the fourth quarter was due to a large increase in final sales that more than offset a sharp decrease in business inventory investment, the Commerce Department said.

Department officials warned, however, that the 3.9 per cent could still be revised downward if the December trade deficit turned out to be particularly severe.

Mr Reagan was so pleased with the figures that he gave unusual advance notice that they would be particularly impressive to guests at the inaugural ball on Monday night.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	19	64	Dubrovnik	R	11	52	Malaga	C	14	57	Salzburg	F	6	43
Akrotiri	-	—	—	Faro	F	14	57	Malta	S	17	63	Seoul	S	2	36
Algiers	S	23	73	Florence	F	17	63	Manila	F	30	86	Singapore	F	31	88
Amsterdam	R	4	39	Frankfurt	C	5	41	Miami	F	12	54	Stockholm	Sn	-3	27
Athens	S	15	59	Funchal	C	17	63	Milan	D	1	34	Strasbourg	C	8	46
Bahrain	F	21	70	Geneva	R	3	37	Moscow	F	-17	1	Sydney	S	24	75
Bangkok	S	34	93	Gibraltar	R	15	59	Munich	F	3	37	Taipei	S	25	77
Barcelona	F	15	59	Guernsey	S	5	41	Nairobi	F	28	82	Tangier	R	15	59
Beirut	F	18	64	Helsinki	C	-13	9	Naples	F	15	59	Tehran	-	—	—
Belgrade	C	3	37	H Kong	S	22	72	New Delhi	S	18	64	Tel Aviv	R	14	57
Berlin	R	3	37	Innsbruck	F	5	41	New York	C	-13	9	Tenerife	-	—	—
Biarritz	C	11	52	Inverness	C	1	34	Nice	R	8	46	Tokyo	S	8	46
Blackpool	C	4	39	Istanbul	S	9	48	Oporto	C	11	52	Toronto	Sn	-7	19
Bordeaux	F	14	57	Jersey	S	6	43	Oslo	Sn	-5	23	Tunis	S	20	68
Brussels	C	7	45	Jo'burg	F	27	81	Paris	C	9	48	Valencia	F	16	61
Budapest	Fg	1	34	Las Palmas	R	15	59	Prague	R	-2	28	Venice	Fg	4	39
B Aires	C	29	84	Lima	F	26	79	Reykjavik	C	-3	27	Vienna	Fg	0	32
Cairo	F	19	66	Lisbon	C	14	57	Rio de J'o	C	32	90	Warsaw	C	0	32
Cape Town	S	24	75	Locarno	R	1	34	Rome	F	16	61	Zurich	C	5	41
Caracas	-	—	—	London	F	6	43								
Casablanca	C	18	64	Los Angeles	C	15	59								
Copenhagen	R	1	34	Luxembourg	R	5	41								
Corfu	F	15	59	Madrid	C	12	54								
Dublin	S	2	36	Majorca	F	17	63								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

BP to liquidate Seltrust Holdings

Continued from Page 1

ders. Of the 1,056 shareholders who voted at the meeting, 974 were in favour and 82 against.

The rebel shareholders argued that neither Paragon, nor the cash alternative, represented a fair value. They also said that BP had deliberately undervalued the assets of which it was seeking total control, including Seltrust's share in the Agnew nickel mine.

BP had warned that if shareholders rejected its proposals it would call in its loans to Seltrust of more than A$82m ($67.2m) and force the company into liquidation at a time of very depressed values for base metal mining assets.

Following the shareholder vote, however, Mr A. D. Lapthorne, chairman of Seltrust, announced that a general meeting of Seltrust on February 28 would be asked to consider a recommendation by the Seltrust board that the company go into voluntary liquidation.

BP believes that this is preferable to a forced liquidation because it retains the possibility of selling Seltrust as a going concern. Since BP will have the right to vote at the next meeting, as the majority shareholder with a 75.4 per cent stake, it expects to have no difficulty forcing through the plan.

It is also possible that in a voluntary liquidation, the liquidator might be prepared to consider reviving BP's plan for the Seltrust split as the means of getting the best price for Seltrust.

Last night, however, there were suggestions from Seltrust shareholders that they would fight the attempted liquidation in the courts.

Mr Cook likened BP's conduct to that of the captain of a ship in a storm loading the women and children into lifeboats while the ship sailed on to a safe haven. He said BP's behaviour was typical of a big oil company "used to acting alone"

THE LEX COLUMN

Planning on the never-never

Perhaps the best that can be said for the UK Treasury's paper on public spending is that the market does not appear to have taken it very seriously. As it happened, a concerted central bank raid on the dollar yesterday gave the gilt-edged market enough headroom to accommodate the remains of last week's tap. But in other circumstances the Treasury's mixture of implausible assumptions and seeming inconsistencies might have done damage to its funding chances. "Shoddy" was one of the kinder adjectives in circulation in London last night.

Naturally the recent return to generally more expensive money is the last thing to be reflected in these calculation. Indeed, the cost of servicing debt is supposed to rise in an orderly way, increasing by a mere £500m in each year of the planning period to 1988. That must presuppose a falling average coupon for the Government's stock of debt, which may be consistent with *its heroic assumption that inflation* will fall to 3 per cent but is not widely believed in London, or elsewhere.

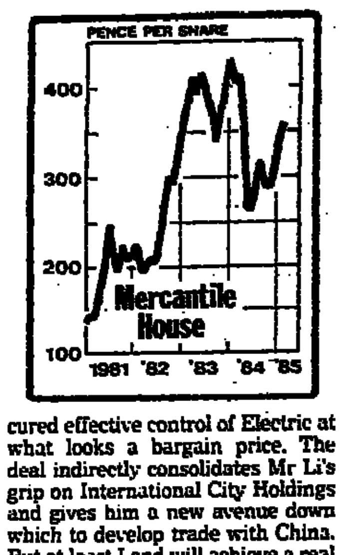
Nor do this year's aspirations to control direct expenditure command instant credibility; large nominal cuts in the industry and agriculture budgets will be hard to achieve, and the implicit assumption of a real fall in government wages and salaries seems to require remarkably fierce cuts in the labour force. It is revealing too, that the document assumes that the coal strike is already finished – as from Christmas last. The fact is, the figures are out of date.

If there is anything for anyone to rejoice in, it is that the London equity market is assured of a continued stream of asset disposals – so long as there is anything left to sell, there will be a decent flow of stagging profits. After that, it will be back to dull old debt.

HK Electric

Hongkong Land is still in the unfortunate position of needing to sell assets in a buyer's market, and the terms of yesterday's transaction with Hutchison Whampoa showed that, while Land may be past the worst, it cannot expect to dictate terms to Mr Li Ka Shing.

Land's 33.8 per cent interest in Hongkong Electric was sold at an 18 per cent discount to the suspension price in a rising equity market. So Hutchison and Mr Li have secured effective control of Electric at what looks a bargain price. The deal indirectly consolidates Mr Li's grip on International City Holdings and gives him a new avenue down which to develop trade with China. But at least Land will achieve a real improvement in its debt/equity ratio, enabling it to take a rather more relaxed view of the local property market. Until yesterday, Land was seen as being under considerable pressure to sell the Excelsior Hotel. Now prospective purchasers may have to think again.



Mercantile House

However hard Mercantile House tries to spread its interests into different financial markets, its reliance on activity on Wall Street remains barely diminished. In 1983-84, on the tails of a roaring New York bull market, earnings steamed ahead. But yesterday's results for the six months to end-October 1984 show a £3m fall in pretax profits to £27.5m, entirely due to the drabness of Wall Street equity trading.

Everybody knew yesterday's figures would be bad, since Mercantile's U.S. stockbroker subsidiary Oppenheimer, had already reported poor quarterly results. In this heady market, the fact that the bad news was not quite as bad as some had feared was enough to push the shares up 16p to 358p.

Given the sparseness of the company's interim report, it is difficult to judge performance on a like-for-like basis. The recent figures include first-time contributions from Alexanders and Jessel Toynbee, plus 11 weeks of Laing & Cruickshank profits. But since the effect is not spelled out, it is hard to work out exactly how badly Oppenheimer performed, or how well the other divisions did.

The U.S. exposure cuts both ways, of course. Though Oppenheimer has been trying to reduce its dependence on Wall Street activity, it is still involved enough to make fat profits should the market take off again.

Looking at the last few months on Wall Street and the effect of higher UK interest rates on the discount houses it is probably safe to assume that the second half will be almost as dull as the first. As for next year, the company could either chug gently forward or blaze ahead if Oppenheimer gets a boost from Wall Street. Meanwhile, there may be just a touch of bid speculation in the shares, which stand on a prospective p/e of 10.

British Land/Stylo

Harris Queensway's failure to shake out any of the controlling management shares in Stylo seemed on the face of it to scupper any hopes of a successful takeover bid for this uninspiring retailer. But Mr John Ritblat delights in finding unorthodox solutions to unorthodox problems, and yesterday's tender offer by British Land for Stylo equity is a devilish cunning way of circumventing the brick wall against which Mr Phil Harris so painfully stubbed his toe.

The tender mechanism, unconsciously borrowed from U.S. takeover practice, enables Land to secure a bare majority of Stylo's equity without embarking on a general offer which, in the face of Ziff family opposition, would almost certainly lapse. By funding the tender with low-yielding paper, Land avoids the heavy carrying cost which would result from a cash payment and leaves its own shareholders with no dilution to either earnings or assets. As a final twist, Land is making the offer outside the London Stock Exchange and so can dictate its own terms on acceptance.

If Land achieves the same measure of success as Harris Queensway, it should just reach its target. Even then, of course, it would be a long way short of voting control. Being locked into a majority position in a company over which Land may have no management control is by no means an ideal arrangement. But Land has had plenty of time to study the options and is entering the fray with its eyes wide open.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Wednesday January 23 1985

Amex continues income recovery in final quarter

BY PAUL TAYLOR IN NEW YORK

AMERICAN EXPRESS, the U.S. financial services group, continued its sharp earnings recovery in the fourth quarter, posting net earnings of $169.5m or 76 cents a share in the final quarter compared to a $21.9m loss in the 1983 period when problems at its Fireman's Fund insurance subsidiary first surfaced.

The sharp rebound in quarterly earnings continues the turnround evident in the third quarter and helped American Express post *full* year net earnings of $609.6m or $2.79 a share compared to $514.7m or $2.53 a share in 1983, when earnings fell for the first time in 36 years.

Revenues in the final quarter grew by 38.35 per cent to $3.496bn from $2.53bn and by 32 per cent to $12.89bn from $9.77bn in the full year.

American Express said it had a consolidated income tax provision of $18.6m in the latest quarter compared to a tax credit of $116.1m a year earlier. The results also reflect the *impact of the financial services'* group's acquisition on December 31 1983 of IDS and, from mid-May, the *acquisition of Lehman Brothers* Kuhn Loeb.

● Paine Webber, the New York brokerage firm, has reported a 35 per cent drop in its first-quarter net income to $6m or $0.36 a share. The group says that while investment banking revenue increased in the latest quarter compared with a year ago, market conditions continued to hurt commission business.

Paine Webber says that *its first*-quarter results were an improvement on the $2.7m earned in the final quarter of its 1984/85 financial year. *In its last financial year Paine Webber's net income slumped by 86* per cent to $13m on unchanged revenues of $1.5bn.

The latest improvement resulted from increased investment banking revenues and principal transactions. Its revenues in the latest three-month period rose 21 per cent to $452.6m compared with a year ago.

Rockwell surges in first quarter

By Andrew Baxter in New York

ROCKWELL INTERNATIONAL, the big U.S. aerospace, electronics and vehicle parts group, yesterday reported a 52.8 per cent surge in first-quarter earnings, reflecting higher profits in all the company's core businesses.

Net earnings in the three months ended December 31 jumped from $91.9m or 59 cents a share to a record $140.5m or 94 cents, while sales rose from $2.02bn to $2.36bn.

Operating profits at the company's automotive group more than doubled from $29.9m in the comparable quarter to $65.1m, while sales rose from $376m to $444m. The company's vehicle parts business has benefited over the past year from the strength of the U.S. car and truck market.

Electronics profits nearly doubled from $37.8m to $73.1m, while sales advanced from $499m to $615m. Growth was less strong in aerospace, with profits up *from $86.6m to $97.8m on sales* up from $906m to $1.1bn.

The general industries division, whose products include printing presses, valves and industrial sewing machines, raised profits from $16.9m to $20.5m despite a fall in sales from $198m to $191m.

Rockwell last week announced the $1.65bn acquisition of Allen-Bradley, a U.S. factory automation company. Mr Robert Anderson, Rockwell's chairman and chief executive, said yesterday the acquisition was likely to raise sales in the current year to $11bn.

In the fiscal year ended September 30, Rockwell had sales of $9.32bn and profits of $496.5m, and Wall Street expects a strong rise in earnings this year.

U.S. sales push Honda earnings ahead 46%

BY JUREK MARTIN IN TOKYO

SOARING U.S. demand, abetted by the weakness of the yen against the dollar, helped propel Honda Motors to a 46 per cent increase in consolidated net profits in the third quarter of its financial year, ending last November.

Net profits reached Y32.82bn ($129.5m), up from Y22.34bn in the same period of 1983. This is equivalent to Y351 per American depositary receipt (ADR), up from Y232 (one American or European share is worth 10 Honda common shares).

Group sales in the third quarter reached Y606bn, up 16 per cent on the previous year's Y250.64bn. Of this, 74 per cent was derived from *overseas* and 26 per cent from inside Japan.

Over the first nine months of the financial year, net profits amounted to Y90.89bn, up 58 per cent on the Y65.97bn of 1983, and equivalent to Y974 per ADR. Sales, at Y1,958.69bn, were up 14 per cent on the previous year.

Honda has always been the most internationally minded of the Japanese car companies, and its reliance on overseas business is, if anything, being accentuated by international economic conditions.

In the third quarter, for example, Japanese consumer spending re*mained sluggish. Honda's domestic* car sales, therefore, fell by 6 per cent to 84,000 from the previous year's levels though rather less in value, to Y82.58bn from Y85.24bn. *Overseas sales, however, rose 22* per cent in volume (to 208,000 units) and by about 29 per cent in value to Y296.13bn.

However, *trade restrictions*, especially in the U.S., produced the reverse picture on the motorcycle *front, with domestic volume and* value rising to 241,000 units (208,000 previously) and Y31.15bn (Y26.45bn) respectively, and foreign sales dropping to 362,000 (375,000) and Y39.79bn (Y49.90bn).

Merck maintains improving trend

By Our New York Staff

MERCK, the U.S. drug company, yesterday reported a 10 per cent increase in fourth-quarter net profits despite the continued impact of the dollar's strength on its international business.

Net earnings rose from $104.8m or $1.42 a share to $115.6m or $1.59, *broadly in line with Wall Street* forecasts and continuing a three-year trend of steady earnings rises. For the year, Merck lifted net prof*its from $450.8m or $6.10 a share to* $493m or $6.71.

Sales rose from $855.8m to *$961.9m in the quarter and from* $3.25bn to $3.56bn in the year. Mr John Horan, chairman and chief executive, pointed out that about half the 1984 sales increase reflected acquisitions of pharmaceutical interests in Spain and Japan.

The acquisition also diluted earnings in 1984 after taking financing costs into account. In October Merck took majority control of Banyu Pharmaceutical of Japan, and its operations – previously accounted for under the equity method – were *consolidated in the fourth quarter.*

Mellon lifts dividend despite earnings slip

BY PAUL TAYLOR IN NEW YORK

MELLON BANK, the 13th largest U.S. banking group and one of the last to report its year-end results, yesterday reported a 19 per cent decline in fourth-quarter earnings and a 13.8 per cent decline in full year net earnings. Despite this the bank *also announced that it is boosting* its quarterly dividend.

The decline in 1984 earnings, the first in the Pittsburgh-based banking group's recent history, reflected a number of pre-planned strategic and operating expenses together with higher provisions and reserves for possible loan losses.

Mellon said fourth-quarter net earnings fell to $43.4m or $1.59 a share from $53.6m or $2.01 a share in the year-ago quarter.

The fourth-quarter decline, the sixth consecutive quarter of lower year-on-year earnings, resulted in full year net earnings of $158.5m or $5.64 a share compared to $183.8m or $7.44 a share in 1983.

Among the added expenses which affected pre-tax earnings, Mellon undertook a costly changeover of the data processing system *at its Girard unit and opened a new* 54-storey headquarters building.

Earnings were also affected by a $57.6m addition to the reserve for possible loan losses, unfavourable swings in normally volatile items and by lower net interest income from international operations.

Mellon said its fourth-quarter provision for possible credit losses increased to $37.1m from $8.9m a year earlier and the provision for the full year was $116.7m compared to $52.2m in 1983. Net credit losses for the year grew to $59.1m from $30.1m in 1983.

Southwestern Bell income over forecast

By Our New York Staff

SOUTHWESTERN BELL, the St Louis-based telecommunications holding company formed last January from the break-up of American Telephone & Telegraph, yesterday reported 1984 net income of $883.1m or $9.04 a share.

Comparisons with 1983 results are not meaningful because of the break-up, but the 1984 result marginally exceeds the $869.6m projected in November 1983.

Southwestern, which provides telephone services in most of Arkansas, Kansas, Missouri, Oklahoma and Texas, said 1984 revenues were $7.2bn. *Fourth-quarter net in*come and sales were $223.6m and $1.89bn respectively.

● Pacific Telesis, the San Francisco-based AT&T spin-off, has signed an alliance agreement in Madrid with the National Telephone Company of Spain. The two groups will explore opportunities for joint efforts overseas in areas such as computer-based systems.

Data General doubles earnings

BY OUR NEW YORK STAFF

DATA GENERAL, the U.S. superminicomputer maker which has been aggressively expanding its product line, appears to have returned to its previous rapid growth and yesterday reported a further substantial increase in fiscal first quarter net earnings.

The Westboro, Massachusetts-based group said net earnings in the quarter ending December 29 jumped to $23m or 87 cents a share *from $10.1m or 40 cents* a share in the corresponding period a year ago. The year-earlier earnings have been restated to reflect a change in fiscal accounting periods to four *quarters each of 13 weeks.*

The company, whose earnings have rebounded in the past two years, said revenues during the first quarter grew by 38.9 per cent to $333.7m from $240.3m.

Mr Edson de Castro, president, said the company was "pleased" with the first quarter, but added: "*We remain cautious about the* worldwide economic outlook."

● Prime Computer yesterday introduced a super-minicomputer which the company claimed will compete with *top-of-the-range models* produced by other U.S. manufacturers, including Digital Equipment. The model 9955, which is 30 to 60 per cent faster than Prime's model 9955 but costs 7 per cent less, is able to process about 4m instructions per second.

The machine, which will be avail*able for shipping next month*, will cost from $321,000.

Export demand boosts DEC result

BY OUR NEW YORK STAFF

DIGITAL Equipment (DEC), the world's second-biggest computer company, yesterday announced a 37 per cent rise in second-quarter net income amid increasing demand for its products, particularly in Western Europe and other overseas markets.

The profits surge extends a recovery which began about a year ago for DEC, the world's largest producer of minicomputers. DEC's shares, which have been rising sharply in the past few months from a 12-month low of $77¼, were up $3⅛ to $114⅞ at mid-morning yesterday.

Net profits for the three months ended December 31 jumped from $80.5m or $1.41 a share to $110.3m or $1.81, while revenues rose from $1.42bn to $1.63bn.

This took net profits for the first six months to $254.5m or $4.24 a share, compared with $96.3m or $1.68. The rise partly reflects a $63m, one-time tax credit in the first quarter of the current year.

DEC said second-quarter orders were up from the first fiscal quarter and from the comparble period a year earlier. The company said reaction to its "venus" VAX 8600, a high-powered super-minicomputer that was introduced during the second quarter, was enthusiastic in the U.S. and overseas.

$88m charge hits Boise

By Our Financial Staff

BOISE CASCADE, the major U.S. forest products and building materials group, was hit by an $88m pretax charge in the fourth quarter. Despite more than doubling net operating profit to $30.7m, the charge relating to the restructuring of the building products division left a net loss for the final quarter of $24.5m, or $1.01 a share, against net profit of $14.2m, or 44 cents a year ago.

This left the group showing an advance for the year to $69.6m or $2.33m, from $60.4m or $1.91. Sales for the 12 months reached $3.8bn

Strong quarter fails to lift BankAmerica

BY WILLIAM HALL IN NEW YORK

BANKAMERICA CORPORATION, the second biggest U.S. banking group, yesterday reported a 39 per cent rise in its fourth-quarter net income to $73m, but this was not sufficient to reverse the four-year-old slump in earnings.

The West Coast banking group, which is facing official pressure to increase its capital ratios, yesterday reported a 4 per cent decline in its *1984 net income to* $375m. Earnings per share for the year fell 10 per cent to $1.96 compared with an annual dividend of $1.52 – one of the lowest dividend covers of any major U.S. bank.

The group said yesterday that although fourth-quarter earnings showed substantial improvement over the previous year's fourth quarter, results were lower than management had anticipated. The quarter's earnings were adversely affected by high loan losses, an ad*dition to Seafirst's loan loss reserve* in recognition of a weakened energy market and higher non-interest expenses which included a $37m non-recurring provision for estimated losses arising from certain bank operations.

The bank refused to elaborate on the cause of the losses because it is still in discussions with the parties involved.

The bank made a $299m provision for loan losses in the fourth quarter of 1984, which was 16 per cent up on the record $258m provision in the final quarter of 1983. It said the increase reflected Seafirst's $39m provision, primarily on energy loans.

BankAmerica's total assets, which have been hovering around $121bn since the start of 1983, shrank to $118bn at end-1984, nonaccrual and restructured loans rose marginally to $3.5bn between the third and fourth quarters of 1984.

The group said it made significant progress in 1984 in the "strategic configuration" of its retail branch network. The bank consolidated 132 Californian branches, reducing the retail workforce by 3,700.

British Land sets its sights on shoe group

BY ALEXANDER NICOLL IN LONDON

BRITISH LAND, the fast-growing property group headed by Mr John Ritblat, is seeking a substantial stake in Stylo, the British shoe retailer which has previously been protected from predators by an unusual shareholder voting structure.

With an eye on Stylo's shop properties British Land yesterday launched an innovative tender offer which, if successful, would increase its equity holding from 7.2 per cent to a maximum 50.9 per cent. The offer values Stylo at £38.8m ($43.5m).

However, its voting control would rise from *4.2 per cent to just 29.9* per cent because the Ziff family controls 43.8 per cent of the votes through "management shares" carrying 16 times the voting power of ordinary shares.

Stylo's unusual capital structure has provoked unusual tactics from British Land which, with its advisers Morgan Grenfell, is well aware that the Harris Queensway retailing group failed to win control of Stylo with a £35.6m bid last year, despite winning acceptances covering more than half the equity.

Instead of launching a full bid, British Land is initially seeking a strategic voting stake which would also give it a majority of the equity. To avoid spending cash on a low-yielding investment which it may hold for some time before making its next move, it is offering its own shares with an underwritten cash alternative. Tender offers are almost always for cash only.

The tender is also remarkable in that it is being conducted off the *floor of the London Stock Ex*change.

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Earnings rise at Westinghouse

BY OUR NEW YORK STAFF

WESTINGHOUSE ELECTRIC, the diversified U.S. electrical equipment manufacturer, reported a continuing rise in earnings with fourth-*quarter net profits up from* $138.8m or 78 cents a share to $160.6m or 91 cents.

The rise primarily reflects a $27m provision in the 1983 fourth quarter on the disposition of an interest in a Spanish subsidiary, the absence of losses on a divested satellite news channel joint venture, and increased gains from the disposal of some assets.

Profits for all 1984 rose to a record $535.9m or $3.04 a share, against $449m or $2.54. Sales in the year rose from $9.5bn to $10.3bn, and from $2.59bn to $2.89bn in the quarter.

Per-share figures have been adjusted to reflect a two-for-one stock split in May.

INTL. COMPANIES & FINANCE

Cook leads anti-BP move at Seltrust

By Kenneth Marston, *Mining Editor*

LAURIE COOK is a quiet man. Almost shy and certainly soft spoken, he is of the ilk who serve loyally and for many years in the finance departments of major companies. This is just what he did for 39 years at the UK-based Selection Trust mining group, to become finance director and, towards the end of his career, managing director.

Not the sort of man who *at the age of 57* would be expected to stand up at a company meeting and thunder at British Petroleum, describing the latter's treatment of minority shareholders in Seltrust Holdings as "quite disgraceful," and carrying *standards* "*back to the dark* ages of corporate manipulation of minorities."

It is, however, men such as Laurie Cook who rise to the occasion when they feel strongly about a cause; perhaps the other members of *Pinner Cricket Club might* not have been surprised at their president's performance at the Seltrust meeting in Perth.

Australian stockbrokers and institutions also decided that the restructuring proposals put forward by BP for the ailing *75 per cent-owned* subsidiary were unacceptable, as was the BP threat to liquidate the company if they were not approved by the minority shareholders.

Mr Laurie Cook

The reason why Cook feels so *strongly, to the point* at which he warned that the proposals would leave a "damning stain" on BP's reputation for many years to come, was that he was one of the original architects of Seltrust Holdings along with John Du Cane, the ex-chairman of Selection Trust, whose proxy votes he held at the meeting along with his own small holding.

Seltrust Holdings was set up by Selection Trust in 1979 as a major Australian mining finance house holding group with the specific object of offering Australians a vehicle to invest in the development of their country's natural resources;

Admittedly, Selection Trust kept 78.8 per cent of the *shares of Seltrust Holdings at* the time, but the rest was offered exclusively to Australian investors and there was also a rights issue at A$2.50 per share. BP was offering 54 cents each for those shares under the now rejected restructuring proposals.

A year later BP made a successful £410m take-over bid for Selection Trust and in doing so acquired the latter's stake in Seltrust Holdings. Ironically, this take-over, was soon followed by the worst recession on record in the mining industry. BP was not the only oil company to regret its move into the world of hard rock mining.

Laurie Cook, however, does not accept that Seltrust's situation is so bad that it requires the breaking-up cure put forward by BP. Painstakingly, he has set out the financial position, proving that although the company has suffered book losses in three out of four years of operations, it has produced a positive cash flow from its operations in every year after all charges including interest and exploration write-offs.

He sees a recovery potential and thinks that a financial restructuring including a substantial injection of equity would do the trick. BP disagrees and now it appears that liquidation faces Seltrust.

U.S. manufacturing base for Belzberg family

BY BERNARD SIMON IN TORONTO

AFTER SEVERAL false starts, the Belzberg family of Vancouver has taken the first step toward establishing itself as a force in North American manufacturing. Through the main pillar of its empire, First City Financial, the Belzberg's this week succeeded in taking control of Scovill, the Connecticut company with annual sales of U.S.$750m which makes Yale locks, small household appliances, and a range of industrial products. A tender offer by a First City subsidiary of $42.50 a share was accepted by *93 per cent of Scovill's share*holders.

The overwhelming response indicates the high price that the Belzbergs have paid for their new investment. It is also evidence of their stiff determination not to be foiled. Prior to the tender *offer*, Scovill shares were trading at around $26 on the New York Stock Exchange. The acquisition will cost the First City group $450m.

First City Financial, which is 69 per cent owned by the Belzberg family, earned C$33.2m (U.S.$25m) in the nine months to last September on revenues of C$497m.

The three Belzberg brothers seldom grant interviews and have refused to discuss the Scovill purchase publicly. But according to one Toronto analyst, Mr Sam Belzberg, First City's chairman, and the acknowledged leader of the family, "really wants a U.S. factory that he can look at and say 'it's all mine'."

Mr Sam Belzberg is the middle son of a Polish immigrant who ran a furniture shop in Calgary and dabbled in Alberta real estate. His elder brother still runs the family furniture business taking little active part in the burgeoning financial services and property empire that Sam oversees. The youngest brother, Bill lives in Los Angeles, reportedly splitting his time between two of *the family's U.S. investments*, First City Properties (which made the bid for Scovill) and Far West Financial Corporation, a California savings and loan group with assets of $1.7bn. Two Belzberg sons have also become active in the business.

The business philosophy of the Belzbergs is summed up in a cautionary note to investors published in a recent report on their interests by Wood Gundy. According to analyst Mr David Ramsey, First City "is neither shy of risk nor immune from mistakes in its pursuit of above average returns."

Before the Scovill acquisition First City Financial had assets of C$3.2bn, split between three main businesses.

- First City Trust, Canada's seventh largest trust and loan company, providing mortgages as well as commercial and consumer loans. The trust company's return on equity has been more than double that of its five biggest competitors in the past five years.
- Real Estate Holdings, centred on undeveloped land and housing in the Western U.S. Earnings from real estate grew rapidly until they were virtually wiped out last year by substantial writedowns.
- Investments contributed 70 per cent of First City Financial's earnings in 1983. Although the Belzbergs have had limited success in turning acquisition attempts into firm control, they have on several occasions reaped handsome capital gains by selling shares at higher prices than those at which they bought. A notable example was their participation in Mr T. Boone Pickens' bid for the U.S. oil producer Gulf Corporation, which earned First City C$33m, almost double its estimated profits in the last five years from its more traditional trust and real estate activities.

Outside investments first contributed significantly to First City's earnings in 1981 when the Belzbergs launched well-publicised bids for Bache Group, the U.S. securities trading firm, and Canada Permanent Mortgage Corporation, a large Canadian trust company. In both cases First City was rebuffed, but came away with about C$35m from the sale of its holdings.

The Belzbergs' attention in the past two years has turned to industrial and energy investments. First City has a 39 per cent interest in Aberford Resources, a Calgary oil and gas company, and a 30 per cent stake in Cantel, which has licences to develop a mobile telephone network in Canadian cities.

But several of the Belzbergs' most ambitious diversification attempts have foundered. Negotiations to take over American Can's Canadian and British packaging operations were called off at the last moment in early 1984. First City sold its 100 per cent stake in New York Hanseatic Corp the Manhattan securities dealer last year for a loss of C$4.6m, and failed to acquire the insurance operations of the Florida-based Charter Co.

Mr Sam Belzberg said in a rare interview last year that "We are not stock players. I don't believe anyone makes money in the long term playing the stock market." He said that First City was taking more care to make itself known to the management of target companies.

Significantly the bid for Scovill, initially resisted by the company, was later accepted after the Belzbergs raised their price and reportedly agreed to retain senior management.

INTL. COMPANIES & FINANCE

Allianz still firmly on U.S. bid path

BY JONATHAN CARR IN MUNICH

ALLIANZ, West Germany's biggest insurance group, is still keenly interested in buying an insurance company in the U.S., even though its step-by-step takeover of the RAS concern in Italy alone will cost more than DM 1bn ($315m).

Dr Wolfgang Schieren, chief executive, revealed that the DM 550m profit Allianz made in its abortive bid two years ago for Britain's Eagle Star group was not being used to help buy RAS (Riunione Adriatica di Sicurta).

The Eagle Star proceeds instead had been put into a "strategic reserve," he said. Other indications were that the profit had been transferred into dollars, and could be used for a U.S. acquisition.

This "dollar reserve," it is noted, means that Allianz is well placed to pounce when a suitable U.S. company becomes available, even if the dollar exchange rate strengthens still further, making a purchase dearer in D-mark terms.

Moreover, it is pointed out that the new structure of the group — involving creation of a holding company freed from direct insurance activities—will allow Allianz to act and react more quickly in future on acquisitions, in the U.S. and elsewhere. The new structure was approved by the supervisory board last month and goes before shareholders in June.

Dr Schieren stressed that although the new structure would let Allianz diversify a little into the fast-expanding financial services field at home, his group was still looking for an insurance enterprise in the U.S. — not for a bank or a stockbroker.

Allianz, which wants to find a company mainly in the non-life sector to complement its thriving U.S. life insurance business, is known to be receiving a constant stream of offers, but nothing satisfactory has emerged so far.

A year ago Allianz examined the insurance activities of the Armco group, but decided against buying them. It is understood that in the meantime the Armco insurance business has again been offered to Allianz for a markedly lower sum than before, but again the German group has said no.

Giving a preliminary survey of the 1984 results, Dr Schieren said group premium income had risen by 6 per cent to about DM 16.3bn, of which the foreign share was 19 per cent compared with one of 17.2 per cent in 1983.

Profits from the insurance business of the parent concern would be below the DM 182m of 1983. But Allianz had "good" profits from investment income. All in all, a dividend of "at least" the 1983 level of 20 per cent would be paid.

New chief for Banco Hispano Americano

By Tom Burns in Madrid

SPAIN'S state energy board head, Sr Claudio Boada, has accepted the chairmanship of Banco Hispano Americano, the third largest bank in Spain.

The succession saga at Hispano Americano, prompted by the ill health of the outgoing chairman and the bank's own financial difficulties, has had an extraordinary impact in Spain, where it has dominated financial news since the weekend.

Sr Boada, aged 64, takes over from Sr Alejandro Albert. His acceptance ends a frantic search for an Hispano Americano chairman who would hold both the confidence of the board and, more importantly, that of the Bank of Spain.

Hispano Americano is currently immersed in negotiations for an aid package from the monetary authorities after passing its dividend last month in order to devote 1984 trading profits to shore up the troubled subsidiary, Banco Urquijo Union.

The succession crisis has underlined the role played by the Bank of Spain in the choosing of a new chairman. Hispano Americano has been forced to look outside for a successor to Sr Albert, and far from electing a new chairman in the privacy of its own boardroom it has had to do so under the glare of national publicity.

Thomson to seek further funds as financial position improves

BY PAUL BETTS IN PARIS

THOMSON, the state-owned French consumer electronics and defence group, intends to turn increasingly to domestic and international capital markets as its financial performance continues to improve.

The group announced yesterday that it was planning to take full control of Sintra, the defence electronics company, in a deal worth about FFr 70m ($7.2m) in cash.

Thomson acquired about 80 per cent of Sintra at the beginning of last year as part of the major assets swap between Thomson and CGE, the other leading French state-owned electronics group. This swap was the centrepiece of the Government's latest reorganisation and restructuring programme of the French electronics and telecommunications industries.

Thomson is offering FFr 560 a share for all outstanding Sintra shares. As part of the original deal with CGE, Sintra's telex operations have remained in the CGE orbit.

M Christian Aubin, Thomson's financial director, explained yesterday that Thomson's share offer would enable the group to complete the integration of Sintra with Thomson.

He said that with the slowdown in the rate of French defence spending, Sintra, which up to now has concentrated mainly on the domestic market, would need to increase its international market penetration. By being directly associated with the Thomson group, Sintra could benefit from Thomson's extensive international exposure.

Sintra, which recorded sales of FFr 1.3bn in 1983, is also involved on work in the French military communication system Rita (Réseau Integré de Transmissions Automatiques) built essentially by Thomson-CSF. Thomson is banking on the Rita system to help it win a U.S. army contract worth more than $5bn. Thomson is competing with Plessey of the UK to supply the U.S. army with a new battlefield communications system.

After winning a $4bn defence contract from Saudi Arabia last year, the American deal would clearly reinforce the French group's financial recovery.

M Aubin confirmed yesterday that Thomson's overall financial performance continued to improve last year, after a loss of more than FFr 1bn in 1983. Group sales are expected to total FFr 55.6bn in 1984.

The improvement is encouraging Thomson to look increasingly to the international and French capital markets. After creating a series of operating divisions, Thomson is considering opening some of these subsidiaries to minority private shareholders on the Paris bourse. If the group's financial recovery is confirmed, Thomson plans conventional fund-raising operations on international markets.

M Aubin explained that Thomson had already successfully tested both the domestic and international markets in recent months. In the second half of last year, Thomson went to the U.S. market for the first time with a $75m offering of notes with warrants, followed by a $200m commercial paper issue.

"We regard these operations as a pre-rating of our group on the international market," M Aubin said, suggesting that Thomson would be seeking a conventional credit rating.

Thomson has also carried out an Ecu funding operation and tested the sterling bankers' acceptance market. In France it launched several innovative financing operations last year.

Final quarter gain lifts Burroughs

BY ANDREW BAXTER IN NEW YORK

BURROUGHS, the U.S. computer and office equipment group, continued its recent trend of strong profits growth by lifting fourth-quarter net earnings from $81.4m or $1.81 a share to $94.4m or $2.08.

The latest rise took full-year earnings to $244.9m or $5.40 a share from $196.9m or $4.60. Mr Michael Blumenthal, chairman and chief executive, attributed the rise mainly to the outstanding performance of the company's main business activity, the manufacturing and marketing of commercial information systems. This division had a record year for orders and revenue.

Profits were constrained by the impact of a strong dollar, particularly in the fourth quarter, lower than expected profits from the company's Memorex business, which makes plug-compatible and original computer products, and disappointing results in the stationery and supplies business.

Memorex's profitability was improving, however, with its best performance in the fourth quarter.

Mr Blumenthal said action to improve efficiency, and growing acceptance of the company's products, were the driving factors behind the achievement of key financial targets.

Full-year sales rose from $4.39bn to $4.88bn, with $1.09bn against $1.31bn in the final quarter.

American Home growth continues as sales rise

BY OUR NEW YORK STAFF

AMERICAN HOME Products, the big U.S. consumer products group, yesterday announced its 33rd year of uninterrupted earnings growth, reporting a 9 per cent rise in its 1984 net income to $682.1m on the back of a 5 per cent rise in revenues to $4.5bn.

In the fourth quarter net income from continuing operations rose 13 per cent to $166.5m and net income rose 7 per cent to $173.9m. Earnings per share for the full year rose 11 per cent to $4.43.

The final quarter's results include a $56.5m gain on the sale of the group's Ekco and Dupli-Color businesses. The company also recorded an extraordinary charge of $50m, recognising the impairment of its investment in its Latin American subsidiaries, except for Brazil.

All three segments of American Home Product's continuing operations posted increased sales. Domestic sales rose 8 per cent while foreign sales fell 4 per cent. Domestic sales of packaged medicines rose 10 per cent, prescription drugs and medical supplies rose 9 per cent, and food and household products increased 6 per cent.

● Becton Dickinson, the U.S. hospital supplies group, continues its earnings recovery, its first quarter net income to December 31 rose 19 per cent to $14.5m or $0.70 per share.

EIB's softly, softly approach pays off in the world bond markets

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

HOW SHOULD big borrowers in the international bond market behave when setting conditions on their new issues?

If they are too tough with new issue managers, they risk launching a series of flops that will damage their reputation with investors and ultimately put up the cost of their borrowings. If they are too worried about the secondary market performance of their paper, *they can become perceived* as soft touch issuers that always pay too much for their money.

Setting the right balance between these two extremes has always been one of the hardest tasks facing those borrowers that are compelled to borrow regularly. Although there are no hard and fast answers, the experience of one large borrower, the European Investment Bank, seems to suggest that a softly, softly approach to the market can pay dividends.

Little more than two years ago the EIB was one of the most controversial borrowers in the market. Mr André George, then its treasurer, had a reputation for being one of its toughest negotiators, who was always ready to play one new issue house off against another for the sake of a few basis points in yield.

Even today that is a tactic remembered with irritation by some senior players in the market.

Today, however, the market's perception of the EIB has changed for the better, and many bankers say that this reflects the more co-operative approach of its new treasurer, Mr Philippe Marchat. New issues by the EIB in 1985 are not greeted with groans all round, and as the chart shows, the relative standing of its paper in the Eurodollar market has improved considerably compared with that of the World Bank.

There is no shortage of evidence to back up the argument that this is due in large measure to a subtle change in the EIB's borrowing approach. While he denied that there has been an actual change of policy, Mr Marchat adopts a much more conciliatory tone than Mr George when discussing his attitude to the markets.

"The main goal of the bank," he says, "is to tap the different markets at the best possible conditions. What we are aiming at is to get the lowest conditions—but within the marke, not outside it.

"We always have to remember that as a permanent borrower we need to come back *to the market, and that there* will be a secondary market (in our issues). Furhermore it means we need to get banks to help us. We have to be tough both with the market and with the banks, but certainly not to go further than cetrain limits."

The big question is how far this approach has actually saved the EIB money compared with the much more aggressive stance of Mr George. Here the answer is obscured by a number of factors, that over the past two years have tended of themselves to produce an improvement in the EIB's relative credit standing.

The EIB is, for example, still a very large borrower in the international bond markets. Last year its total borrowings amounted to Ecu 4.36bn compared with Ecu 3.62bn in 1983. This was almost double the total Ecu 2.31bn raised in 1981, but total market volume itself has grown at a similar pace over the intervening period. This means that unlike some other borrowers, the EIB has not faced a saturation problem, whereby investors can turn a borrower's issues down because they already have enough of its paper.

Unlike the World Bank the EIB has therefore not felt compelled to diversify into short-term and floating rate borrowing. Such operations as it has undertaken in this area have been strictly limited and are likely to remain so. An issue last autumn of Ecu 100m in short-term notes was designed simply to satisfy liquidity needs and is, says Mr Marchat, *unlikely to be repeated on the* same scale.

Similarly the EIB's $250m commercial paper programme in the U.S. is intended to raise floating rate funds for those of its borrowers who require this type of finance under an experimental scheme totalling Ecu 500m which was introduced last year.

Herr Ernst-Guenther Broeder, EIB president, says there is interest in such funding from the bank's borrowers in Denmark, Ireland and Greece, but so far only two British concerns have actually availed themselves of such finance. These are the *South of Scotland* Electricity Board and British Nuclear Fuels, both of which borrowed $75m in floating rate funds from the EIB last October.

This means the EIB is still heavily dependent on the fixed rate markets, but here it has been helped by two special factors.

First, its status as a European Community institution which lends primarily within the industrial world helped is credit rating n the aftermath of the developing country debt crisis. Second, the growth of the Ecu-denominated bond market, which the bank has helped to foster, has eased some of the burden it was imposing on other markets.

Last year the EIB's Ecu-denominated borrowings totalled Ecu 455m (excluding the short term notes), a sharp increase on the Ecu 230m raised in 1983. This year the total looks set to rise even higher. After launching targetted issues in Denmark, Switzerland and Italy in 1985, the bank is now poised to launch an Ecu 200m targetted issue in France next week, of which some 80 per cent should be placed with French investors and the remainder internationally.

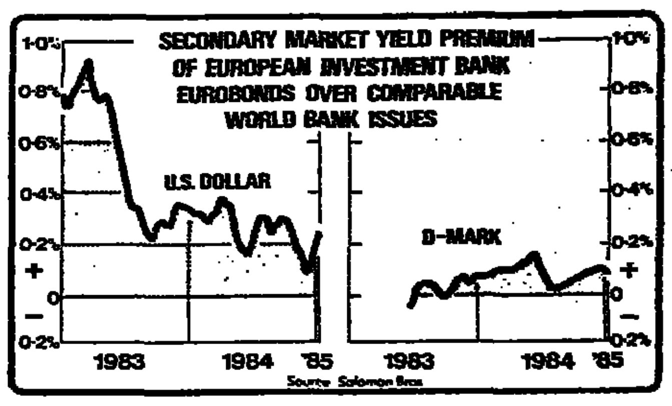
Unlike the World Bank, which pools the currencies it borrows and lends them on to its customers at one standard rate, the EIB simply lends on those currencies it has available at rates which are related to its actual cost of funds in the relevant markets. This means that it is less concerned than the World Bank with keeping its overall borrowing costs low, and therefore free to tap higher interest markets as long as the funds are those actually required by its borrowers.

Thus the *EIB* has not had to worry about relatively high nominal interest costs when raising large amounts of Ecus at a time when the Ecu bond market was (and is) highly receptive to new issues. Bankers believe that this should also see it in good stead in 1985, when its *overall* borrowings are expected to rise by some 10 per cent allowing for a small real increase in the activity of the bank.

Critics of the EIB maintain that its improved credit rating owes much to the fact that the first two years of *Mr Marchat's* tenure have coincided with a period in which interest rates have tended lower, making it easier to float fixed rate bonds. Far from being softer with the market, the hawkish approach left behind by Mr George lurks just beneath the surface, they claim, and would reappear if interest rates rose again or the borrowing requirement suddenly increased.

That could happen with the accession of Spain and Portugal to the EEC, which could make them large takers of EIB funds. But with total borrowings by these two countries expected to total no more than Ecu400m in 1985, that is a problem for future years.

In the meantime Mr Marchat and his colleagues seem to have won friends in the market place.



UK COMPANY NEWS

Mercantile House slips to £27.5m midterm

Mercantile House Holdings, the investment management and services concern, returned lower pre-tax profits of £27.5m, against £30.5m for the half year to October 31, 1984. Turnover was some 40 per cent higher in sterling terms over the period at £298m compared with £206m.

A much lower tax charge of £12.1m, against £15.2m, resulted in higher net profits of £15.4m against £15.23m. Earnings per share amounted to £19.01p (21.5p) undiluted, or 17.92p (19.98p) diluted.

The company has increased the interim dividend from 3.75p to 4p net.

The market was expecting Mercantile to show a decline in pre-tax profits, and the figures are towards the upper end of the *forecast* profit range.

However, the profits drop was modified by the inclusion in this year's results of the latest acquisitions — Jessel Toynbee and *Gillett from July 2 until September* 17 until its merger with Alexanders—and then a six-week *contribution from the combined* enlarged discount house. Also included was a 11 week contribu*tion from the group's share of* profits from Laing and Cruickshank's in which it has a 29.9 per cent stake.

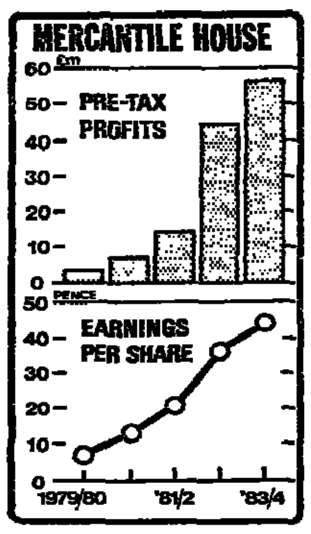
Mr John Barkshire, chairman of Mercantile House and originator and chairman of LIFFE

The decline in group profits stemmed from its U.S. operation. Mr John Barkshire, group chairman, refers to adverse trading in several of its U.S. markets.

In particular, the U.S. investment banking operation (including Oppenheimer and Co Inc, Rouse Woodstock International, and the U.S. fund management division) produced lower profits.

The UK investment banking group, which includes Alexanders, the discount house operation and the 29.9 per cent association with stockbrokers Laing and Cruickshank, made a satisfactory contribution. The wholesale broking operation again produced satisfactory profits.

In the circumstances, Mr Barkshire considered the result *satisfactory*.



Norfolk Capital reaps benefit of refurbishment and expansion

A YEAR of expansion for **Norfolk Capital Group** has ended with a substantial improvement in taxable profits, which passed the £0.5m for the first time since 1979.

The result for the year to September 30 1984 was £504,000 against £55,000, and was achieved mainly on the strength of the second half performance. This added £243,000 more at £648,000, following a reduction in the interim deficit from £345,000 to £139,000.

Lady Joseph, who chairs this hotels, taverns, and wine bars operator, says that current trading has opened on an encouraging note, with turnover buoyant. The outlook for the industry and the group is good, especially with the present favourable exchange rate, and the group intends to maximise the benefits arising from this situation.

Turnover for the period under review rose from £9.29m to £10.62m and produced trading profits £330,000 ahead at £1.03m. The purchase of the Old Swan Hotel in Harrogate for £2.25m was completed at the end of September and thus did not contribute to the figures, but is currently producing "excellent results," says Lady Joseph.

The directors are recommending a final dividend of 0.175p net per 5p share, making 0.25p for the year. This compares with 0.2p last time before the capital was increased by a £3.2m rights issue completed last May and by the Old Swan purchase. Adjusted earnings per share are shown at 0.47p (0.06p).

As a result of the rights, interest rates were reduced and loan repayments rephased. Interest charges for the 1983-84 year fell from £685,000 to £559,000.

Tax rose sharply from £17,000 to £158,000, leaving net profits at £346,000 against £38,000. The dividend will account for £241,000 (£38,000).

Lady Joseph comments that the substantial increase in profits "confirms the wisdom of the marketing strategy and development policy determined by the present management." The refurbishment and upgrading of the Royal Court, which re-opened two years ago, has been followed by a *six-fold improvement in* operating profits. In addition there has been a general, though not so marked, improvement at the group's other hotels.

The main activity of the development department was the planning and preparation for a comprehensive redesign and re*furbishment of the Norfolk Hotel* at South Kensington, London. This closed last October when work commenced, and it is anticipated that it will reopen in its new form in late 1985 renamed the Royal Norfolk.

The continuing process of raising the quality of the group's hotel portfolio has produced a revaluation surplus of some £3m on the year.

● comment

It would be nice to think that the price performance of Norfolk *Capital Group over the past year* — the shares, up ½p yesterday to 28p, have more than doubled —had much to do with the efforts of Mr Peter Eyles, the managing director, and his hotel mangers to improve trading performance. Nice, but not true. Even the success of the refurbished Royal Court and the potential of the Norfolk, now under renovation, cannot justify the rating in earnings terms. Assuming current year pre-tax profits of £750,000 and a 35 per cent tax charge, the shares change hands on a multiple of 58 times, against something in the high teens for Trusthouse Forte. Clearly in *valuing Norfolk* Capital, the market is looking not at earnings but assets, but even in these terms the shares command a hefty premium, since the stated *net asset value is just over 20p* per share. So everything comes down to the fact that the board including the chairman Lady Joseph, Sir Maxwell's widow, holds 28 per cent. *Obviously*, one of the last remaining smaller independent hotel groups with London properties has great attractions to a potential bidder, though none has so far appeared. But at what price, if any, would anyone buy and Lady Joseph sell? A question for speculative investors to ponder.

Lincroft Kilgour well over forecast at £0.88m

FORECASTS made by the **Lincroft Kilgour Group** in its successful defence of the bid from John Finlan last August have been beaten in the year ended September 30 1984. The attributable net profit comes out at £880,000 compared with over *£700,000 expected, and the final* dividend is to be 4p net, against at least 3.5p promised, for a total of 5.5p.

The year has been one of "*considerable achievement*" in all sectors of the group's activities, and the profit before tax has risen from £695,000 to £1.15m —at least £1m was forecast. Uniform manufacturing accounted for £89,000 (£186,000), bespoke tailoring for £160,000 (£84,000), cloth merchanting £599,000 (£293,000), investment income £328,000 (£166,000), less holding company overheads £30,000 (£34,000).

The prime corporate objective *has been met, the directors state*; this entailed replacing the profits hitherto generated by the transport authority uniform contract. The results also demonstrated the *success* of the continued diversification into a well spread investment portfolio with special emphasis on capital growth.

Trading profits rose to £819,000 (£529,000) including other operating income £185,000 (£175,000) and after administration and distribution costs £3.09m (£2.84m). After tax £264,000 (£216,000) and minorities £3,000 (£1,000), the attributable profit came out at £880,000 (£478,000) for earnings per share *of 19.3p—against at least 15p* forecast and 10p achieved in the previous year.

There are extraordinary charges totalling £15,000 (£67,000) and comprising nearly £69,000 net of tax relief for takeover defence costs less £53,000 for surplus, after tax, on disposal of freehold property.

At the year end fixed and current investments totalled £2.08m (£1.36m), and the excess of market value over book value had increased to £420,000 (£257,000), after realising net gains of £242,000 (£52,000) *during the year. Cash on deposit* was £949,000 (£1.07m).

It is proposed to introduce a share option scheme for senior executives, including directors, to participate more fully in the group's future prosperity.

● comment

Lincroft Kilgour is an unusual hybrid of textile company and quasi investment trust. A number of companies use the strong cash generating capabilities of their core *businesses to build* investment portfolios but in LK's case it has come to the point where, in asset terms, investing in shares is a larger activity than textiles. That was the key point in last year's acrimonious, but abortive, takeover attempt by Finlan. LK has a large sum of cash and realisable assets which Finlan wanted to fund its own ambitions. And to judge by the share register there are those that believe others will try where Finlan failed. Just over half of the equity is held overseas and the directors think they can spot an arbitrageur or two. As for the basic textile business *that had a very good year as* expected. Uniform profits are rapidly disappearing as the London Transport contract winds down but this has been more than compensated for by merchanting which, in part, is benefiting from the weakness of sterling—85 per cent of sales go overseas. Profits this year could reach £1½m pointing to a prospective p/e of 7.7 at 148p while the asset value is around 115p per share.

New Tokyo calling for funds via rights issue

By Alison Hogan

New Tokyo Investment Trust has taken the unusual step of raising further funds through a *rights issue*, sponsored by Lloyds Bank International.

Its small discount to net assets, well below the sector average, has encouraged the issue of 11m shares at 100p each. The stock market responded enthusiastically to the deeply discounted rights and the shares added 9p to 375p, compared with a net asset value per share of 384.2p.

Edinburgh Fund Managers, *which manages New Tokyo*, wants the extra funds to invest in more small companies in Japan, particularly in the *electronic*, fine chemical, and computer software sectors.

The managers anticipate an increasing number of new issues on Japanese markets in the next couple of years, following the relaxation of listing requirements in November 1983.

"There are believed to be a very large number of small companies in Japan which have the innovative skills to emerge as potential future 'Sonys' or 'Hondas'," the managers say in a letter to shareholders.

New Tokyo has achieved an impressive performance since it was established in 1980. In the year to end November, 1984 it was runner up, in terms of growth *in net assets, among the* 130 or so investment trusts monitored by the Association of Investment Trus Companiets.

The trust's net asset value grew by 32 per cent in 1983-1984 to 384.2p, and, although its aim is to provide capital growth, it paid a dividend of *1.5p net for the year com*pared with 0.035p.

New Tokyo has no borrowings as the managers say the cost would be prohibitive. It is prepared to raise new equity to expand the investment programme rather than dispose of stocks in the exist*ing portfolio for reinvestment* in new companies.

The large discount of the proposed 100p per share issue to market price should ensure that the new shares are taken up and thus removed the need and cost of underwriting the issue.

Grovebell buys into Adams & Gibbon

MR VASANT ADVANI'S Grovebell Group is broadening its interests in vehicle distribution through a share stake in Vauxhall main dealers Adams & Gibbon.

He has purchased 259,000 shares representing 14.39 per cent of the Adams equity. Mr Advani said last night that he had no intention of making a full bid for the company.

"*The whole idea is to* put together a decent size motor distribution division without becoming a mini-conglomerate," he said.

Grovebell already has three Vauxhall distribution subsidiaries, all located in the North West of England. *Adams interests are situated* in the North East.

In August last year Grovebell made an unsuccessful attempt to acquire Marshall's Universal, another vehicle distributor with paper interests.

Seaforth purchase

Gibraltar-based Seaforth Investments has raised its stake *in metal fabricators Whitting*ton Engineering, of Chesterfield, Derbyshire.

With the purchase of 148,000 shares, it now owns 28.03 per cent of Whittington. At the same time it was announced that Chase Nominees disposed of its total holding of 123,000 Whittington shares.

Macarthys tops £2m but destocking may affect second half

DESPITE TAKING into account considerable settin-up costs for additional manufacturing facilities, **Macarthys Pharmaceuticals** saw its first-half profits advance by £235,000 to £2.12m at the pre-tax level.

However, the directors of this Essex-based wholesale and retail chemist are somewhat uncertain about the current six months' figures.

Although limitations on the prescribing of a wide range of pharmaceutical products are not proposed to come into operation until next April and will, therefore, affect only one month of the current period. The directors the current period, the directors say. It is possible that stock reduction by pharmacists in anticipation of the event may reduce wholesale turnover during the next few months.

This creates a "measure of uncertainty," but shareholders are told that current trends indicate that figures for the second half shoulb be at least equal to those for the opening six months.

Meanwhile, the interim dividend is being stepped up by 0.2p *to 2.2p net per 20p share*—a final of 5.5p was paid for the 1983-84 year when pre-tax profits reached £4.42m (£4.06m).

Group sales for the first half, covering the period to October 31 1984 pushed ahead from £147.57m to £151.78m and operating profits showed an improvement of £306,000 at £2.66m.

The margin of profit on sales improved by 0.2 per cent to 1.5 per cent.

Profit improvement was shown *in both the pharmaceutical* distribution and veterinary divisions. Macarthys Laboratories absorbed considerable setting-up costs for additional manufacturing *facilities at Harold Hill*, in Essex, but the company's results for the full year are expected to be in line with budgets.

As anticipated, the *surgical* division lost some turnover in the low margin "disposables" market, but for the year as a whole this business should show "acceptable returns."

Substantial expenditure on promotion, merchandising and shopfitting was incurred in the early part of the year by Savory & Moore, the group's retail pharmacy arm. Sales for the period, however, did not increase to the extent anticipated.

The directors believe that actions taken will stand this activity in good stead in the longer term

The restructuring of the wholesale pharmaceutical business, outlined at last year's annual meeting, involved extraordinary expenditure of £161,000. Rationalisation in this division is expected to be extended into 1986.

A divisional breakdown of turnover and operating profits shows: pharmaceutical manufacturing £3.07m (£2.84m) and £224,000 (£269,000), pharmaceutical distribution £113.92m (£111.76m) and £1.57m (£1.06m), surgical £10.11m (£10.81m) and £354,000 (£396,000), retailing £13.52m (£12.44m) and £173,000 (£309,000) and veterinary £11.17m (£9.71m) and £336,000 (£314,000).

Earnings per share slipped from 9.7p to 8.6p after tax of £970,000 (£586,000).

Over the six months to October *31, 1984, there was an increase of £3.08m in stocks*, a £4.31m decrease in creditors and a net inflow of funds totalling £405,000. These compare with figures for the 12 months to April 30, 1984, which showed a decrease in stocks of £2.72m an increase in creditors of £4.41m and a net outflow of funds amounting to £1.49m.

● comment

The clear and intended message in this statement from Macarthys Pharmaceuticals is that pre-tax profits for the full year will fall below last year's £4.4m. With a substantially higher 45 per cent tax charge earnings per share will be down sharply from 24p to perhaps 18p. The main culprit, says the company, is the Government's bid to restrict drugs available in the NHS, leading retail chemists to destock and so hit turnover in Macarthys' core distribution business. So *while profits from this activity* were sharply up in the first half, due partly to depot reorganisation, the second half should show a decline on last year. At the same time, the Savory and Moore retail chain is taking longer than expected to benefit from a marketing and refurbishment programme and other parts of the group are also none too bright. It all means that Macarthys will once again fail to leave the profits plateau where it has been since 1981: in part a reflection of tough times in pharmaceutical distribution, but also a measure of the way the company has lost market share *notably to Unichem, the independent* chemists' co-operative. The consolation for shareholders is that the shares, down 1p to 155p, yield 7 per cent.

Gen. Consolidated moves to reduce share discount

The directors of **General Con*solidated Investment Trust*** are to propose, at the annual meeting in respect of the year ending 1987, a resolution for the voluntary winding-up of the company, and to resubmit a similar resolution every three years therafter.

The move reflects the "desirability of bringing the market *value of the group's ordinary* shares more closely into line with their attributable net asset value."

At December 31 1984 this was 290p, up from 241.8p a year earlier. The ordinary shares closed yesterday at 252p, up 14p.

The directors also state with regard to future investment *policy that they will maintain the* committment to long-term capital appreciation combined with an emphasis on "above average dividend growth."

A final dividend of 6.5p net (5.25p) has been recommended for the year 1984, lifting the total from 7.65p to 9.2p. Earnings are shown at 9.48p per share against 7.9p.

Pre-tax revenue totalled £2.75m, up from £2.36m. This included interest received at £196,000 (£100,000) and underwriting commission at £9,000 (£14,000), after interest payable £22,000 (£28,000) and administration expenses £172,000 (£144,000).

Synapse has 25% of its equity placed on USM

Simon & Coates has placed 880,000 shares, equal to 25 per cent of the equity of Synapse, a company which provides third party software maintenance and systems support for IBM mainframe computers.

The company will have a market capitalisation of £6.12m when dealings in the shares start on January 28 on the USM. The shares have been placed at 174p each which gives a p/e of 22.8 based on a 41.5 per cent tax charge and a pre-tax profits forecast of £460,000, for the year to July 1985.

Synapse was started in March 1980 by Mr David Coplowe and Mr Micheal Godman, who, with considerable experience in IBM systems software, recognised a growing market for third party support and maintenance. With the marketing experience of Mr Bill Williams, who joined the company and became chairman and managing director, they structured a service for clients and began to build up their customer base.

Synapse charges an annual retainer fee of £2,000 and then charges by the hour for specific tasks over and above the basic service. This includes a detailed site evaluation and monthly account planning meetings.

The company has around 200 *clients and now employs* 58 people. Turnover grew from £816,000 to £1.26m in the year to July 1984. Pre-tax profits in the same period rose from *£119,000 to £210,000, before pay*ments for directors' pensions, which took £103,000.

The directors expect the market to continue to expand in the face of a shortage of experienced systems programmer, and the high cost of in-house maintenance. They are contem*plating expansion overseas* and in the area of applications software support services and technical training.

Cronite seeks extension of waiver on borrowing limits

DEBENTURE holders in Cronite Group, the alloys, steel and foundry concern which returned *to the* black last year, are being asked to extend their waiver of the limits which the stock's trust deeds impose on company borrowings.

Mr Tom Honess, chairman, said that in spite of satisfactory trading in the current year and a strengthened order book, it would take some time to re*build Cronite's capital base*. He is seeking an extension of the waiver until the end of 1988.

The group has set itself an overall borrowing limit of £3.6m. Terms of the trust for the 14 per cent convertible debentures 1992 were breached by a borrowing overshoot in 1983, but Cornite is seeking authority to take on other debt-ranking equally, with the debentures

It has called a *meeting of* debenture holders for February 13, preceding the annual meeting. Anglo American Agriculture, which has an 11 per cent *stake, has indicated that it* intends to support the moves.

Burgess rights

Some 93.5 per cent of the 1,053,920 shares offered by Burgess Products via a rights issue has been taken up. The balance has been sold with the net proceed payable to *holders* who did not take up their rights amounting to 50.2p per new ordinary.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Crescent Japan	0.8	—	0.3*	0.8	0.3*
General Consolidated	6.5	—	5.25	9.2	7.65
Habit Precision	1†	March 15	0.5	1.5	0.5
Hampson Inds ... int	0.3	March 11	0.27*	—	0.82*
Lincroft Kilgour	4	April 16	2	5.5	3
Macarthys Pharm ... int	2.2	April 9	2	—	7.5
Mercantile House ... int	4†	March 11	3.75	—	12
Norfolk Capital	0.18†	April 11	0.2	0.25†	0.2
Parkdale Holdings ... int	0.25	—	—	—	0.9
SEET ... int	1.4	March 4	1.1	—	3.8
Stone Intnl ... int	1.46	March 29	—	—	—
United Packaging ... int	1.6	April 2	1.4	—	3.15

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

TENDER OFFER

by

MORGAN GRENFELL & CO. LIMITED

on behalf of

THE BRITISH LAND COMPANY Plc

to acquire up to

9,023,337

Limited Voting Ordinary Shares in

STYLO PLC

TIMETABLE

		1985
Tender Offer closes	3.00 p.m.	Tuesday, 5th February
Announcement of result of Tender Offer	by 9.30 a.m.	Wednesday, 6th February
Dealings commence in New British Land shares	2.00 p.m.	Wednesday, 6th February
Renounceable letters of allotment and cheques posted		Tuesday, 19th February
Last date for splitting		*Wednesday, 20th March*
Last date for registration of renunciation		Friday, 22nd March
Definitive certificates posted		Friday, 19th April

DEFINITIONS

The following principal definitions are used in this document:–

"British Land"	The British Land Company Plc.
"British Land shares"	Ordinary shares of 25p each in British Land.
"Stylo"	Stylo PLC.
"Stylo Management shares"	*Management shares of 25p each in Stylo.*
"Stylo Ordinary shares"	Limited Voting Ordinary shares of 25p each in Stylo.
"Maximum Tender Price"	a price of 185p *being the maximum price per share at which Stylo Ordinary shareholders may tender their Stylo Ordinary shares.*
"Morgan Grenfell"	Morgan Grenfell & Co. Limited.
"New British Land shares"	the new Ordinary shares of 25p each in British Land to be issued pursuant to the Tender Offer.
"the Tender Offer"	the offer to acquire up to 9,023,337 Stylo Ordinary shares by tender, details of which are set out in this document.

MORGAN GRENFELL & CO. LIMITED

(Registered in England No. 315841)

Registered Office:
23 Great Winchester Street,
London EC2P 2AX

22nd January, 1985

To all Limited Voting Ordinary shareholders of Stylo PLC and, for information only, to Stylo Management shareholders.

Dear Sir or Madam,

Tender Offer for Stylo Ordinary shares

On behalf of British Land, we hereby offer to acquire by tender, on the terms and subject to the condition set out below, up to a maximum of 9,023,337 Stylo Ordinary shares, representing, together with British Land's existing holding of Stylo Ordinary shares, 29.99 per cent. of the voting rights and 50.90 per cent. of the issued share capital of Stylo. Stylo Ordinary shareholders may accept by tendering their Stylo Ordinary shares at any price up to a maximum of 185p per share. The brokers to the Tender Offer are L. Messel & Co.

Shareholders may elect to receive either New British Land shares ("the Share Alternative") or cash ("the Cash Alternative"). The following table sets out the approximate values of the Share Alternative and the Cash Alternative in respect of 100 Stylo Ordinary shares at various levels of tender price:–

Tender price	Share Alternative		Cash Alternative
	No. of New British Land shares (note (i))	Value (note (ii))	Value
p		£	£
165	126	175	165
170	130	180	170
175	134	186	175
180	138	191	180
185 (Maximum Tender Price)	142	197	185

Notes: (i) The number of New British Land shares will be calculated on the basis of a price 130p per share, being the price at which Morgan Grenfell has agreed, on the basis set out in paragraph 3 of Appendix 1, to acquire New British Land shares allotted to Stylo Ordinary shareholders who elect for the Cash Alternative.

(ii) The value of New British Land shares is based on the middle market quotation of 139p derived from The Stock Exchange Daily Official List at the close of business on 21st January, 1985 being the last dealing day prior to the announcement of the Tender Offer.

On the basis stated above, the Maximum value of the Share Alternative represents an uplift of 17 per cent. and that of the Cash Alternative an uplift of 10 per cent., in each case on the middle market quotation of Stylo Ordinary shares of 168p at *the close of business on 21st January, 1985.*

Application will be made to the Council of The Stock Exchange prior to the closing of the Tender Offer for the New British Land shares to be admitted to the Official List and British Land will make an announcement as soon as listing is granted. If a listing for such shares is not granted (subject to allotment) prior to the closing date of the Tender Offer, the Share Alternative will not be available and Stylo Ordinary shareholders who elect for the Share Alternative will be deemed to have elected for the Cash Alternative (unless they indicate otherwise on the Form of Tender) which, in that event, will be provided from British Land's own resources.

Details of the underwriting arrangements with Morgan Grenfell in relation to the Cash Alternative are set out in paragraph 3 of Appendix I. Financial and other information on British Land is set out in Appendix II.

Terms and condition

Tenders will be irrevocable subject to the condition that unless tenders are received in respect of more than 8,000,000 Stylo Ordinary shares (representing approximately 39 per cent. of the issued share capital of Stylo) the Tender Offer will be void. Subject thereto, the Tender Offer is made on the following terms:–

(a) if the number of Stylo Ordinary shares tendered exceeds 9,023,337, the striking price will be the lowest price at which the maximum number of *shares offered for is met and all shareholders who tender at or below the* striking price will have their tenders accepted at the striking price. If necessary, tenders made at the striking price will be scaled down *pro rata*. If the number of Stylo Ordinary shares tendered is less than 9,023,337, tenders will be accepted, subject to the above condition, at the Maximum Tender Price;

(b) Stylo Ordinary shares will be acquired by British Land free from all liens, charges and encumbrances and with all rights now or hereafter attaching thereto including the right to receive all dividends and other distributions declared, made or paid after the date hereof;

(c) *no shares tendered at above the Maximum Tender Price of 185p will be* accepted. Stylo Ordinary shareholders wishing to sell their shares under the Tender Offer should be aware that it is possible that the striking price could be below 185p;

(d) the Tender Offer will close at 3.00 p.m. on Tuesday, 5th February, 1985 and no tenders received after that time will be accepted; and

(e) all tenders must be made on the Form of Tender, duly completed in accordance with the instructions therein which constitute part of the terms of the Tender Offer.

British Land's intentions

If the response to the Tender Offer is sufficiently encouraging, British Land may subsequently decide to make offers to acquire the balance of the issued share capital of Stylo. Subject to (i) and (ii) below, any such offer for Stylo Ordinary shares or any subsequent acquisitions of Stylo Ordinary shares would not be at a greater value than the Share Alternative. The value for this purpose would be the value of the Share Alternative at the striking price at the date any such offer is made or at the date of any such acquisitions of Stylo Ordinary shares.

(i) As required by the City Code on Take-overs and Mergers, the minimum value of any such offer when announced would be the value of the Share Alternative at the time the Tender Offer closes.

(ii) British Land reserves the right to vary the terms of any cash alternative under such an offer or for such acquisitions of Stylo Ordinary shares up to a maximum of the value of the Share Alternative as referred to above.

If any such offer were to be made, a comparable offer, as approved by The Panel on Take-overs and Mergers, would be made for the Stylo Management shares.

Stylo Management shares represent a total of 43.8 per cent. of the votes exercisable at General Meetings of Stylo and the holders of Stylo Management shares and their associates together hold shares (including the Stylo Ordinary shares held by them) representing over 50 per cent. of the voting rights. In deciding whether or not to tender their Stylo Ordinary shares shareholders should bear in mind that offers to acquire the whole of the issued share capital of Stylo could not therefore become or be declared unconditional under the rules of the City Code on Take-overs and Mergers unless acceptances were to be received from at least some of the holders of the Stylo Management shares and their associates. Shareholders should note that the offers made on behalf of Harris Queensway PLC in February 1984 lapsed because they were not accepted by any of the holders of the Stylo Management shares although they were accepted by Ordinary shareholders in respect of 51.5 per cent. of the Stylo Ordinary shares then in issue, in addition to the 3.9 per cent. previously purchased by Harris Queensway PLC.

Taxation

The Directors of British Land have been advised that any Stylo Ordinary shareholder holding, together with any person(s) connected with him, not more than 5 per cent. of, or of any class of, the issued shares in or debentures of Stylo whose tender is accepted and who elects for the Share Alternative will not be treated as *having disposed of his Stylo Ordinary shares for the purpose of United Kingdom* taxation of capital gains. Any shareholder who elects for the Cash Alternative may have a liability to United Kingdom taxation of capital gains, depending on his own tax position. Any shareholder who is in any doubt as to his tax position should consult his professional adviser immediately.

Any shareholder who elects for the Share Alternative should note that if listing is not granted for the New British Land shares he will be deemed to have elected for the Cash Alternative (unless he indicates otherwise on the Form of Tender) and as a result will be treated as having made a disposal for the purpose of United Kingdom taxation of capital gains.

Procedure for tendering

(i) The Share Alternative

Stylo shareholders who wish to tender all or part of their holdings of Stylo Ordinary shares and to receive New British Land shares should complete and sign Part A of the Form of Tender, indicating the number of shares tendered and the price (being any multiple of a whole penny) at which they are tendered.

(ii) The Cash Alternative

Stylo shareholders who wish to tender all or part of their holdings of Stylo Ordinary shares and to receive cash should complete and sign Part B of the Form of Tender, indicating the number of shares tendered and the price (being any multiple of *a whole penny) at which they are tendered. No election for the Cash Alternative will be* valid unless Part B of the Form of Tender is correctly completed in all respects and is received by Hill Samuel Registrars Limited in accordance with the instructions contained therein together with the relevant share certificate(s) and/or other document(s) of title by 3.00 p.m. on Tuesday, 5th February, 1985.

(iii) Partly the Share Alternative and partly the Cash Alternative

Stylo shareholders who wish to tender all or part of their holdings of Stylo Ordinary shares and wish to receive their consideration partly in New British Land shares and partly in cash should complete and sign both Part A and Part B of the Form of Tender, indicating the number of shares tendered for the Share Alternative, the number of shares tendered for the Cash Alternative and the price (being any multiple *of a whole penny) at which they are tendered. This may only be done on one form if* both tenders are at the same price.

(iv) General

Forms of Tender duly completed should be returned together with the relevant share certificate(s) and/or other document(s) of title to Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL as soon as possible but in any event so as to arrive not later than 3 p.m. on Tuesday, 5th February, 1985. If your share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, the Forms of Tender should nevertheless be completed and signed and returned as indicated above. The share certificate(s) and/or other document(s) of title should be forwarded as soon as possible thereafter and, although no allotment of New British Land shares or cash payment will be made until such document(s), or an acceptable indemnity in lieu thereof, is/are received, British Land reserves the right to treat tenders for the Share Alternative (but not tenders for the Cash Alternative) as valid even though not complete in all respects or not accompanied by the relevant certificate(s) and/or other document(s) of title.

Where a recognised bank, licensed institution (within the meaning of the Banking Act 1979), Trustee Savings Bank, National Girobank or a member of The Stock Exchange affixes its stamp to the Form of Tender, British Land will pay a fee (together with VAT, where appropriate) from its own resources equivalent to ½ per cent. of the value at the striking price of the Stylo Ordinary shares represented by such Form and accepted by British Land. However, no payment will be made to anyone who would receive total fees of less than £10.

Settlement

The result of the Tender Offer will be announced by 9.30 a.m. on Wednesday, 6th February, 1985. If the minimum level of tenders is achieved, British Land will announce the striking price and the basis of scaling down tenders at the striking price, if applicable.

(i) The Share Alternative

If a listing for the New British Land shares is granted (subject to allotment) before the Tender Offer closes, Stylo Ordinary shareholders who elect for the Share Alternative and whose tenders are accepted will be allotted a number of New British Land shares (valued for this purpose at a price of 130p) equal in value at the striking price to the Stylo Ordinary shares in respect of which their tender is accepted, save that fractions of New British Land shares will not be allotted. Renounceable letters of *allotment will be posted, in the case of tenders received valid and complete in all* respects before the Tender Offer closes, not later than 19th February, 1985 or, in the case of tenders received before the Tender Offer closes but which are not complete in all respects, within 14 days of such tenders becoming complete in all respects. Dealings are expected to commence in the New British Land shares at 2.00 p.m. on 6th February, 1985 for deferred settlement on 21st February, 1985.

The New British Land shares will be issued credited as fully paid and will rank pari passu with the existing issued British Land shares except that they will not rank for the interim dividend of 0.75p per share declared on 18th December, 1984 for payment on 4th February, 1985.

(ii) The Cash Alternative

Cheques will be despatched not later than 19th February, 1985, to Stylo Ordinary shareholders who elect for the Cash Alternative and whose tenders, valid and complete in all respects, are received before the Tender Offer closes or who, in the event that a listing for the New British Land shares is not granted before the Tender Offer closes, are deemed to elect for the Cash Alternative.

(iii) General

All documents and remittances sent by or to Stylo Ordinary shareholders will be sent at their risk. If the Tender Offer does not become unconditional, Forms of Tender, certificates and other documents of title will be returned by post by 19th February, 1985.

Yours faithfully,
for MORGAN GRENFELL & CO. LIMITED
D.J. EWART
Director

Appendix I

General information

1. British Land Shareholding

At the close of business on 21st January, 1985, British Land owned 1,490,000 Stylo Ordinary shares, representing 4.25 per cent. of the voting rights and 7.21 per cent. of the issued share capital of Stylo. Of these, British Land bought 795,000 in the market on 10th September, 1984 at a price of 88p per share. If British Land aquires the maximum number of Stylo Ordinary shares for which the Tender Offer is made, it will own 10,513,337 Stylo Ordinary shares, representing 29.99 per cent. of the voting rights and 50.90 per cent. of the issued share capital of Stylo.

2. Market Quotations

The following table sets out the middle market quotations for British Land shares and Stylo Ordinary shares based on The Stock Exchange Daily Official List, at the close of business on the first dealing date of each month from August 1984 to January 1985 and on 21st January, 1985, *the last dealing day before printing this document:–*

	British Land shares	Stylo Ordinary shares
1984	p	p
1st August	121	98
3rd September	127	101 xd
1st October	125	122 xd
1st November	139	137
3rd December	140	143
1985		
2nd January	149	146
21st January	139 xd	165

3. The Cash Alternative

(a) We, Morgan Grenfell, as principals hereby offer to purchase or procure purchasers for, on the terms and subject to the conditions set out or referred to in this document, up to 12,840,903 New British Land shares to which Stylo Ordinary shareholders may become entitled under the Tender Offer at a price of 130p per share in cash, free of all expenses. The offer by Morgan Grenfell is conditional on (i) the Tender Offer becoming unconditional in all respects and (ii) a listing for the New British Land shares having been granted (subject to allotment) and having become effective.

(b) If the above condition (ii) is not fulfilled, the cash required to satisfy elections for the Cash Alternative will be provided by British Land out of its own resources and no New British Land shares will be allotted in respect thereof. Morgan Grenfell is satisfied that the necessary financial resources are available to British Land for it to implement the Cash Alternative in full in those circumstances.

(c) By an agreement dated 22nd January, 1985 between Morgan Grenfell and British Land, Morgan Grenfell has agreed to purchase or procure purchasers for up to 12,840,903 New British Land shares at 130p per share in cash for a commitment commission of ½ per cent. on the aggregate purchase price of such shares, a commission of ¾ per cent. on the value at such price of such shares and, if the conditions in (a) above are fulfilled, a further commission of ¾ per cent. on the value at such price of such shares. Out of these commissions Morgan Grenfell will pay underwriting commissions, a fee to the brokers and its own legal fees.

SEET rises 42% to £839,000

A RISE of 42 per cent from £589,000 to £839,000 in first-half taxable profits was achieved by Scottish, English and European Textiles, and the company says that prospects for the year as a whole remain encouraging.

The result has been accompanied with a 27 per cent increase in the interim dividend from 1.1p to 1.4p, with earnings per share shown just over 4p higher at 10.44p.

Group turnover of this manufacturer of clothing fabrics and mohair for the six months to October 31 1984 advanced from £6.98m to £10.04m. Profits were subject to tax of £374,000 (£306,000), and minorities took £46,000 (£26,000) to leave an attributable balance of £419,000 (£257,000)—dividends will account for £56,000 (£44,000).

In the last full year, profits before tax rose from £812,000 to £1.34m on turnover ahead at £14.44m, against £10.53m. The final dividend was lifted to 2.7p.

Reorganisation at Habit pays off

Habit Precision Engineering, one of the country's largest manufacturers of industrial diamond tools, made further good progress over the second six months and lifted its pre-tax profits for the full year to September 30 1984 by £356,000 to £439,000.

The results included a six months' contribution from Crosby Woodfield, the Lancashire-based spring maker acquired by Habit last April, amounting to £154,000.

Excluding the Crosby contribu profits for the 12 months totalled £285,000 of which £180,000 came in the second half.

Shareholders are told that the current year has started well and with the group's substantial unutilised cash resources it is well placed to take advantage of oportunities for further expansion, both in the development of existing businesses and by acquisition.

Meanwhile, the final dividend is being doubled to 1p which will make a total of 1.5p (0.5p) net per 5p share—the shares issued to acquire Crosby will rank for the final distribution.

Mr James Mayne, the chairman, says the results reflect the completion of the substantial reorganisation and restructuring programme with the major part of the earnings growth coming from the existing business.

He points out that the integration of Crosby is well under way and that following the acquisition the share capital of the enlarged Habit group has increased more than 2½ times. Tangible assets are nearly five times higher.

Group turnover for 1983-84 improved from £2.28m to £4.78m — Crosby's contribution amounted to £1.71m.

Operating profits increased to £520,000 (£160,000) before taking into account interest charges of £81,000 (£77,000).

Tax took £98,000 (nil) and minorities accounted for £27,000 this time. Below the line extraordinary debits rose to £53,000 (£29,000). Retained profits came through at £152,000 (£37,000).

Earnings advanced from 2.44p to 5.28p per share.

Profits of the group's diamond tool interests jumped from £50,000 to more than £200,000 while the engineering operations increased from around £30,000 to £80,000.

Mr Mayne says that turnover within the diamond tooling operations improved from £1.7m to £2.5m—almost all the increase reflecting increased volume.

"The growth came from a pick up in the business and increased market share."

Habit now reckons to have between 15 per cent and 20 per cent of the diamond tooling market compared with 12 per cent to 13 per cent a year ago.

The takeover of the Crosby business brought with it cash resources of some £1m and a deal on the engineering side may be announced within a month or so involving some £250,000.

However, Mr Mayne says the emphasis in the short term will be on new products rather than acquisitions.

BOARD MEETINGS

TODAY

Interims—Barrie Investments and Finance, D. F. Bevan, Caledonian Associated Cinemas, Estates Property Investment, A. and J. Gelfer, Parkdale, Park Food, Racal Electronics, J. Saville Gordon, Somportex, Stewart Plastics.

Finals—Anglia Television, Bootham Engineers, First National Finance Corporation, First National Securities, Lookers.

FUTURE DATES

Interims—	
Bestwood	Jan 25
British Bloodstock Agency	Jan 24
Cowen, de Groot	Jan 29
Daejan	Jan 29
Diamond Stylus	Jan 25
Gold Fields of South Africa	Feb 5
Gold Fields Property	Jan 30
Kakuzi	Jan 24
New Wits	Jan 30
Peachey Property	Feb 19
Peerless	Jan 30
Trent Holdings	Jan 30
Finals—	
Adams and Gibbon	Feb 21
Associated Fisheries	Jan 31
French (Thomas)	Jan 31
Glasgow Stockholders Trust	Feb 14
Hill and Smith	Jan 24
Lonrho	Jan 31
Meggitt	Jan 29
Microgen	Jan 29
Throgmorton Trust	Jan 30
Vogelstruitbult Metal	Jan 30
Wagon Finance	Feb 14

Hampson pulls ahead at halfway

IN THE half-year ended September 30 1984, Hampson Industries has lifted its pre-tax profit by £74,000 to £483,000. And for the full year the directors still hope and expect to do "a little better" than the previous £1.12m.

Some individual companies are performing a little better than last year and a few less well—for a variety of reasons which are not significant in a group context. Group activities cover engineering and manufacturing, and industrial cleaning and maintenance.

The directors face the future with "considerable confidence." Turnover in the half year advanced to £9.97m (£9.14m).

After tax £217,000 (£213,000) the net profit comes to £266,000 (£196,000). The interim dividend is held at 0.3p net but on capital increased by the 1-for-10 scrip issue, absorbing £69,000 (£63,000). Total for the previous year was equal to 0.82p.

Senior moves at the TSB

Mr Peter Holt has been appointed a member of the TSB central board and a trustee of TSB England and Wales. A chartered surveyor, Mr Holt also becomes chairman of the Yorkshire regional board. This follows the retirement of Mr James Blake, who has been a member of the TSB central board since 1982 and a trustee since 1983. Mr Blake remains a member of the Yorkshire regional board. Mr Denis Martineau has been appointed chairman of the West Midlands regional board. He was a member of the TSB central board from 1977-83 and has been an associate member of the board and a trustee since 1983. His appointment follows the retirement of Mr Patrick Twist.

★

SHELL INTERNATIONAL PETROLEUM has appointed Mr S. D. Watkins, regional co-ordinator—western hemisphere, as a director from February 1.

★

Mr Philip J. Gamble has been appointed director of finance for ROUSE WOODSTOCK, a subsidiary of Mercantile House Holdings. Mr Gamble has joined Rouse from Sime Derby where he was finance director of the Philippines operation.

★

The managing director, chairman and chief executive of HÜLS (UK) Mr Dieter F. M. Classen, has retired. He continues on the board as non-executive chairman. He is succeeded by Mr Wolfgang U G. Roh, who has been appointed managing director and chief executive. Mr Roh was managing director of the Hüls subsidiary in Hong Kong.

★

CENTRAL AND SHEERWOOD has appointed Mr David N. James as deputy chairman in addition to group managing director. Mr John M. Thomson, a non-executive director, has resigned in view of his increasing commitments elsewhere, in particular his forthcoming appointment as chairman of London and Manchester Group (Financial Times, January 22).

★

Mr Jeremy Renton, who had been the second senior partner of stockbrokers, James Capel and Co until last year, has joined the board of ANTHONY WIELER AND CO.

Appendix II

Financial and other information on British Land

1. Responsibility

The Directors of British Land, whose names appear in paragraph 2 below, are the persons responsible for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

2. Directors, Secretary and Registered Office

(a) *Directors:*
John Ritblat, F.S.V.A. (*Chairman and Managing Director*)
Stanley Berwin (*Deputy Chairman*)
David M. Cohen, F.C.A., F.C.C.A.
Cyril Metliss, F.C.A.
John H. Weston Smith, M.A., F.C.I.S.
David C. Berry, F.C.A.

(b) *Secretary:*
David Wilson, F.C.I.S.

(c) *Registered Office:*
10 Cornwall Terrace, Regent's Park, London NW1 4QP. Registered in England No. 621920.

3. Share Capital

(a) The authorised and issued share capital of British Land as it is now and as it will be assuming the issue of 12,840,903 New British Land shares, being the maximum number of shares to be issued at the Maximum Tender Price, is as follows:–

Authorised		Issued: Present	Issued: After full conversion of the Stock (note (b) (ii))	Issued: After Tender Offer
£		£	£	£
45,500,000	Ordinary shares of 25p each, fully paid	26,953,067	33,989,183	37,199,409
	Ordinary shares at 25p each, 2½p paid	5,187	5,187	5,187
45,500,000		26,958,254	32,994,370	37,204,596

(b) Since 31st March, 1984, there have been the following changes in British Land's issued and paid-up share capital:–

(i) On 11th September, 1984, 27,500 Ordinary shares, issued 2½p paid under The British Land Company Limited Share Incentive Scheme (1970), were fully paid up following a call made by British Land.

(ii) During the month of September 1984, holders of British Land's 12 per cent. Convertible Unsecured Loan Stock 2002 ("the Stock") holding in aggregate £1,125,890 nominal of the Stock, exercised rights to convert their holdings into British Land shares giving rise to the issue and allotment, as at 30th September, 1984, of 3,752,967 new fully paid Ordinary shares of 25p each of British Land, ranking *pari passu* in all respects with the existing fully paid Ordinary shares. £8,443,338 nominal of the Stock remains outstanding which is convertible into 28,144,460 new fully paid Ordinary shares of 25p each.

(c) Directors and employees hold options over 830,000 British Land shares under The British Land Company Plc 1982 Share Option Scheme. The amount payable for each such share in the event of the option being exercised is 75p. The options are exercisable between November 1985 and November 1989.

(d) Directors and employees hold options over 917,350 British Land shares under The British Land Company Plc 1984 Share Option Scheme. The amount payable for each such share in the event of the option being exercised is 140p. The options are exercisable between December 1987 and December 1991.

(e) Except as shown above, no capital of British Land or of its subsidiaries is under option, or agreed conditionally or unconditionally to be put under option.

4. Directors' and Other Interests

(a) The Directors of British Land have the following beneficial interests (as defined by the Companies Act 1967 as amended) in the share and loan capital of British Land:–

	Ordinary shares: Fully paid	2½p paid	Under option (1982 Scheme)	Under option (1984 Scheme)	12 per cent. Convertible Unsecured Loan Stock 2002 £
John Ritblat	43,037	—	130,000	200,000	270,000
Stanley Berwin	4,200	—	—	—	—
David M. Cohen	38,418	30,000	100,000	96,925	9,000
Cyril Metliss	23,736	30,000	100,000	96,925	6,475
John H. Weston Smith	15,214	30,000	100,000	69,250	2,000
David C. Berry	14,240	25,000	100,000	69,250	3,000

In his capacity as first trustee, Mr. Cyril Metliss holds a non-beneficial interest of £1,100 in the 15 per cent. First Mortgage Debenture Stock 1987.

(b) No person has notified British Land of any interest of 5 per cent. or more in its issued share capital.

5. Balance Sheet

The following is a summary of the consolidated balance sheet of British Land and its subsidiaries at 31st March, 1984, based on the audited consolidated balance sheet at that date:–

	£'000	£'000
Fixed assets		
Tangible assets		
Properties of investment subsidiaries	259,199	
Industrial plant and vehicles	3,101	
Investments	83,175	
		345,475
Current assets		
Properties of trading subsidiaries	31,966	
Stocks	3,054	
Debtors	14,731	
Investments – securities	18,228	
Deposits and cash at bank	31,294	
	99,273	
Creditors due within one year	(42,826)	
Net current assets		56,447
Creditors due after one year		(165,115)
Net assets		236,807
Capital and reserves		
Called up share capital		26,014
Share premium		30,572
Capital reserves		
Unrealised		
other	(4,689)	
revaluation	123,324	
Realised	32,835	
		151,470
Revenue reserve		28,751
Shareholders' funds		236,807

Notes:–

(i) Properties of investment subsidiaries are as follows:–

	£'000
Freehold	221,795
Long leasehold	36,167
Short leasehold	1,237
	259,199

(ii) Borrowings at 31st March, 1984 are included in creditors as follows:–

	£'000
Due within one year	19,703
Due after one year	165,115
	184,818

and are as follows:–

	£'000
Secured	111,058
Unsecured	73,760
	184,818

6. Profits and Dividends

The following is a summary of the consolidated profits and dividends of British Land for the five financial years ended 31st March, 1984, based on the audited consolidated accounts of the British Land group for those years:–

Years ended 31st March,	1980 £'000	1981 £'000	1982 £'000	1983 £'000	1984 £'000
Profit before taxation	3,913	4,782	6,325	7,713	9,020
Taxation (charge)/credit	2,398	1,565	(221)	(760)	(575)
Profit on ordinary activities after taxation	6,311	6,347	6,104	6,953	8,445
Dividends	(195)	(260)	(520)	(1,300)	(2,080)
Retained profit for the year	6,116	6,087	5,584	5,653	6,365
Earnings per share	8.1p	6.8p	5.9p	6.7p	8.1p
Dividends per share (net)	0.25p	0.25p	0.50p	1.25p	2.00p

7. Accounting Policies

The accounting policies of British Land as stated in the Report and Accounts for the year ended 31st March, 1984 and applicable to the historical cost accounts summarised above, are as follows:–

Accounting basis

The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and certain investments.

Consolidation

The consolidated accounts include the accounts of the parent and all subsidiaries. Subsidiaries acquired or disposed of during the year are included for the appropriate periods.

Premiums on acquisitions of subsidiaries are attributed first to cost of properties; any excess over their market value is charged against capital reserve.

Accounting practices of subsidiaries which differ from the group's accounting policies are adjusted on consolidation.

In accordance with Section 149(5) of the Companies Act 1948 a separate profit and loss account for the parent is not presented.

Conversion of foreign currencies

All currencies are converted at year end rates and surpluses or deficits on exchange are placed to capital account.

Revaluation or disposal of properties and investments

Surpluses and deficits arising from the revaluation of properties and investments held as fixed assets are placed to unrealised capital account. On disposal these items are eliminated and surpluses and deficits by reference to cost are placed to realised capital account. Revaluations for the year, adjusted for disposals, are transferred to revaluation reserve.

Where properties held for investment are appropriated to or from trading stock, they are transferred at market value.

Deferred taxation

No provision is made for tax on capital gains which would arise if properties and investments owned by the group were to be realised at the amounts at which they are stated in the accounts. Provision is only made for deferred tax if the directors expect liabilities to arise in the foreseeable future.

Development and trading properties

Interest and other outgoings, less rental income attributable to properties in course of development, are deemed to be part of the development cost, provided the directors consider it prudent having regard to the development potential of the property.

The following criteria are applied:–

(a) A property ceases to be treated as a development either nine months after practical completion or when two-thirds of the anticipated gross income becomes receivable, whichever is the earlier.

(b) Interest is calculated by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans.

Properties and developments held by trading subsidiaries are stated in the group balance sheet at the lower of cost and net realisable value and surpluses and deficits on sales are dealt with through revenue account.

Amortisation and depreciation

No amortisation or depreciation is provided in respect of freehold or long leasehold properties. The directors consider that this accounting policy results in the accounts showing a true and fair view.

Leaseholds of less than 50 years held by investment subsidiaries are written off on a straight line basis. Where they have been revalued, the additional amortisation is charged to unrealised capital account.

Industrial plant and vehicles are depreciated over their estimated lives, at rates varying between 5% and 25%.

Stock

Stock and work in progress is stated at the lower of cost and net realisable value on a first in, first out basis and includes attributable labour and overheads.

8. Interim Statement

The following is a copy of the interim statement for the half-year to 30th September, 1984 issued on 18th December, 1984:–

"

	Half-year to 30th September (Unaudited) 1984 £'000	1983 £'000	Year to 31st March 1984 £'000
Profit and Loss Account			
Net rental income	7,211	6,559	13,350
Industrial profit	907	874	1,883
Property sales profit	1,249	1,041	2,707
Securities dealing, dividends and sundry income	1,182	1,505	4,135
Profit before interest and taxation	10,549	9,979	22,075
Interest	6,506	6,369	13,055
Profit before taxation	4,043	3,610	9,020
Taxation	1,182	473	575
Profit attributable to members	2,861	3,137	8,445
Dividend	809	520	2,080
Retained	2,052	2,617	6,365
Earnings per share	2.75p	3.0p	8.1p
Dividend per share	0.75p	0.5p	2.0p
Realised capital surplus	5,556	326	2,778

Notes:–

The interest charge is stated net of interest receivable and of £0.45m. deemed to be part of the development cost of properties. The corresponding development interest for the half-year to 30th September, 1983 and for the year to 31st March, 1984 was £0.12m. and £0.27m. respectively.

The interim statement does not incorporate any adjustments in the book values of investment properties held at 30th September, 1984 or for unrealised exchange movements.

Chairman's Review

The results for the half year ended 30th September, 1984 exclude any contribution from the major corporate acquisition of Rank City Wall or Gripperrods Holdings and their positive earnings will be reflected in the full year's figures. In the half year under review there was a 12% improvement in pretax profit from £3.6m. to £4m. Net rental income alone at £7.2m. for the half year exceeded the net cost of interest by £0.7m.

The industrial division, W. Crowther & Sons Plc. continued to improve its overall contribution. Gripperrods is meeting expectations at the time of its purchase for a net consideration of £9.5m.

In Australia the announced sale of the residual 24.5% equity interest in Postland Property Trust has been completed thus releasing net funds in excess of A$16m.

In New York, the British Land of America joint redevelopment of the 24 storey Sofia Building facing the Lincoln Center is now well advanced with only 5 of the 93 apartments remaining unsold. Prior to its completion in the spring the entire office content of 66,000 sq. ft. has also been presold and the total cost of development has already been more than covered.

British Land of America has financed the acquisition, on a limited partnership basis, of 315 Park Avenue South, New York, a 282,000 sq. ft. freehold building on which it has secured a mortgage of US$ 38m. In addition, the vendor of the building has accepted US$ 3m. of the consideration by way of 500,000 shares in British Land of America. Its gross assets in America now approach US$ 100m. marking further progress since British Land's investment in this company which is listed on the New York Stock Exchange.

The office developments at Bond Street, London, W.1., St. Stephen's Green, Dublin and Moorfields, Liverpool amounting in total to some 140,000 sq. ft. are virtually complete and active letting campaigns are under way.

In November the Company made a further issue of publicly quoted 75m. 6½% Swiss Franc Bonds on an unsecured non-amortising basis for 15 years. Guildhall Currency Management Company will continue to provide controlled currency management of these funds.

The Rank City Wall purchase in October added £93.5m. of property at October, 1983 valuation and the gross assets of the Group are now some £550m. The portfolio was acquired for £49m. after allowing for the benefit of its own long term borrowings of £14m. representing a 33% discount on net assets.

The Rank City Wall portfolio provides the Group with a strong retail base with 52% by value located in the South East of England and 31% in Scotland. This retail emphasis, 63% by value, includes 6 major shopping centres totalling over 1m. sq. ft. of net lettable area. The estimated net rental income represents an initial 11% return on cost which is expected to increase by £2m. p.a. to 14% within 2 years. The City Wall portfolio and its management have already been fully integrated into the Group's operations with consequent savings.

The Group has spent over £90m. since January where the emphasis has been upon larger transactions offering a substantial discount to net assets and sustaining a high and well spread revenue return. The Group remains comfortably financed with its net debt at 45% of property and investment assets.

The Board is pleased to announce the payment of an increased interim dividend of 3% which will be paid on 4th February, 1985 to shareholders on the register at the close of business on 10th January, 1985. Whilst this payment is partially intended to balance the disparity between the interim and final dividend payments it is the Board's intention to recommend a final dividend of not less than 6%.

John Ritblat
Chairman "

9. Acquisitions since 31st March, 1984

(a) *Gripperrods Holdings p.l.c.*
British Land acquired Gripperrods Holdings p.l.c. ("Gripperrods") for a net consideration of some £9.5 million satisfied in cash and loan notes pursuant to an offer dated 31st August, 1984.

(b) *Rank City Wall Limited*
On 31st October, 1984 British Land acquired Rank City Wall Limited ("RCW") from The Rank Organisation Plc for a consideration of some £49 million paid in cash.

10. Pro-forma Statement of Consolidated Net Tangible Assets

The following pro-forma statement of consolidated net tangible assets prior to the Tender Offer, together with the notes set out below it, is based on the audited consolidated balance sheet of the British Land group at 31st March, 1984 and has been adjusted to reflect:–

(i) the acquisition of the whole of the issued share capital of Gripperrods based on its audited consolidated balance sheet at 27th April, 1984;

(ii) the disposal of the British Land group's 24.5 per cent. holding in Postland Property Trust ("Postland"), based on its book value in British Land's audited consolidated balance sheet at 31st March, 1984; and

(iii) the acquisition of the whole of the issued share capital of RCW, based on an independent valuation of the RCW portfolio.

	As at 31st March, 1984 £ million	Acquisition of Gripperods £ million	Disposal of Postland £ million	Acquisition of RCW £ million	Pro-forma £ million
Properties	299.3	1.6	—	93.5	394.4
Investments	83.2	—	(9.8)	—	73.4
Liquid resources:–					
at 31st March, 1984	49.5	—	—	—	49.5
consideration	—	—	9.8	(9.0)	0.8
	49.5	—	9.8	(9.0)	50.3
Other net assets/(liabilities)	(2.3)	4.9	—	(5.0)	(2.4)
	429.7	6.5	—	79.5	515.7
Borrowings:–					
at 31st March, 1984	(184.8)	—	—	—	(184.8)
acquired	—	—	—	(14.0)	(14.0)
consideration	—	(11.3)	—	(40.0)	(51.3)
	(184.8)	(11.3)	—	(54.0)	(250.1)
Net tangible assets	244.9	(4.8)	—	25.5	265.6
Per share:–					
– basic	235p				255p
– fully diluted	187p				202p

Notes:–

(i) Liquid resources comprise securities, deposits and cash at bank.

(ii) The consolidated net tangible assets of the British Land group as at 31st March, 1984 are stated after including the surplus over book value of £8.1 million arising on the Directors' reassessment at the date of the valuation of properties held in dealing subsidiaries.

(iii) Provision is not made in the statement of pro-forma consolidated net tangible assets for tax on capital gains which could arise under current legislation in the event of the realisation or appropriation to trading subsidiaries of properties and investments at the aggregate values stated therein. It is estimated that the liability would be approximately £64 million.

(iv) The final purchase consideration for RCW will be adjusted by reference to an audited consolidated balance sheet of RCW at 31st October, 1984.

11. Miscellaneous

(a) Save as disclosed herein and other than in the ordinary course of business, there has been no material change in the financial or trading position of the British Land group since 31st March, 1984, the date to which the latest published audited accounts were prepared.

(b) The financial information contained in this Appendix does not amount to full accounts within the meaning of the Companies Act 1981, Section 11. The auditors of British Land have made a report under the Companies Act 1967, Section 14 in respect of each set of full accounts of British Land for the last five financial years and each such report was an unqualified report within the meaning of the Companies Act 1980, Section 43. These accounts have been delivered to the Registrar of Companies.

12. Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of S J Berwin & Co, Capital House, 42 Weston Street, London SE1 3QN, during usual business hours on any weekday (Saturdays and public holidays excepted) until the close of the Tender Offer:–

(a) the Memoranda and Articles of Association of British Land and of Stylo;

(b) the published accounts of British Land for its two financial years ended 31st March, 1984 and the Interim statement for the half year ended 30th September, 1984; and

(c) the underwriting agreement referred to in paragraph 3 of Appendix I above.

Copies of the Form of Tender are available from:—

Hill Samuel Registrars Ltd.,
6 Greencoat Place,
London SW1P 1PL.
01-828 4321

Morgan Grenfell & Co. Ltd.,
New Issue Department,
21 Austin Friars,
London EC2N 2HB.
01-588 4545 ext. 2294

L. Messel & Co.,
P.O. Box 521,
1 Finsbury Avenue,
London EC2M 2QE.
01-377 0123 ext. 4493

Dunlop shareholders offer Edwardes conditional support

BY CHARLES BATCHELOR

THE **Dunlop** Shareholders' Association yesterday agreed to back the debt-laden tyre and rubber group if existing shareholders are offered a larger stake in the company under the proposed £142m financial reconstruction.

The Dunlop board, headed by Sir Michael Edwardes, will be asking its 53-strong group of creditor banks to make available to shareholders all of the £40m worth of ordinary shares they plan to take up in place of debt. At present the banks have offered £20m worth of these shares to shareholders.

This change would minimise the dilution of the holding of existing shareholders in the company. Their association represents the holders of nearly 8 per cent of Dunlop's equity.

Dunlop is keen to win the support of its shareholders to help it fight off the £33m takeover bid launched last Friday by BTR, the broadly-based conglomerate. BTR has bought a 28 per cent stake in Dunlop's preference shares and could use this to block the refinancing package.

In a letter to shareholders posted yesterday. Sir Michael argued that BTR planned to frustrate the wishes of shareholders with a preference shareholding carrying more than 25 per cent of the total votes.

"There is no place in our affairs for this kind of manoeuvring contrived by BTR or its advisers. Your board will not be intimidated by this threat nor, *I believe, will you,*" he wrote.

Professor Robert Pritchard, spokesman for the association, said after a one-hour meeting with the Dunlop board: "We now see eye to eye on all issues of substance and the board will use its best endeavours to ensure that shareholders who wish to stay with Dunlop can do so without dilution of their stake. The board will report progress to us within the next two days."

The main City institutions involved in the Dunlop refinancing plan appear to be backing the Dunlop board against the BTR bid. Apart from objections in principle to deserting the board which they brought into the company they are also opposed to the BTR proposal that they convert £100m worth of debt into BTR preference shares.

Dunlop is now believed to be looking at a plan to reverse the order of the meetings of preference and ordinary shareholders planned for February 8. It hopes for a massive vote from ordinary shareholders in its favour will dissuade BTR from exercising its blocking stake in the preference shares.

Utd. Packaging profit up and more growth to come

PRE-TAX profits at **United Packaging,** the USM holding company for makers and distributors of packaging goods in the UK and Zimbabwe, rose from £461,000 to £497,000 in the first half on increased turnover.

The results, for the six months ended October 31 1984, comprised UK *£243,000 (£190,000)* and Zimbabwe £254,000 (£271,000). Turnover rose from £3.78m to £4.37m, with the UK contributing £3.15m (£2.45m).

Tax was £240,000 (£233,000) and minorities £30,000 (£33,000).

The board says its figures con*firm the correct policy is being* followed in continuing product development in the flexible packaging field.

It says its Zimbabwe turnover increased but shows a slightly lower figure against the comparable period last year because of local currency weakness.

The board says indications are that growth level will be at least *maintained in the second half.* For the year 1983-84 profit before tax topped £1m.

The interim dividend is 1.6p (1.4p) net. Earnings per ordinary share based on profits attributable to members are 7.14p (6.15p). Earnings based *on profits available for distribu*tion in the UK are 4.26p (3.03p).

Smurfit in U.S. expansion

Jefferson Smurfit Corporation, the 78 per cent owned U.S. unit of **Jefferson Smurfit Group,** has expanded its West Coast presence. It has bought 51 per cent of **Visalia Packaging,** a private California company making corrugated cardboard boxes *primarily for the fruit and* vegetable producers of the San Joaquin Valley.

Smurfit has options to take full control at a future date. Terms of the deal, which makes Visalia its 21st corrugated plant, were not disclosed.

Visalia, *formed in 1983,* began production as recently as the last quarter of 1984. Its newly built plant incorporates advanced equipment for folding, punching, stapling and printing the "raw" board. Mr Joseph Leakey, its founder, will stay as president *and chief operating officer.*

Smurfit said the plant, its first of this kind on the West Coast, would provide "facilities for more complete coverage of Smurfit multi-location national customers and opportunities for new regional growth."

Wades buy-out team will 'tighten nuts and bolts'

Wades Department Store, the furniture retailer, has completed a management buy-out from **Associated Dairies** at a cost of about £19m.

The deal—one of the largest management buyouts in the UK—was arranged by Citicorp Venture Capital with National Commercial & Glyns, part of the Royal Bank of Scotland group. The Wades management team will be joined by a new chief executive, Mr Stephen Hinchcliffe, a 35-year-old Sheffield businessman with property and computer interests.

Wades is forecasting that sales will be more than £50m in the current year, as against £51.5m in 1983-84.

Wades, which operates 68 stores and employs some 1,200 people, has been a lacklustre performer in recent years and incurred a loss of £390,000 in the six months ended last November 30, *against a profit* of £539,000 in the same period of 1983.

However, Mr Hinchcliffe said yesterday that there was "nothing fundamentally wrong with the company which tightening up the nuts and bolts won't solve. It is well backed and financed and has a strong management team." He said the aim was to go public in about three years' time.

Associated Dairies has been rationalising Wades over the past year, closing old shops and opening new ones. Mr Hinchcliffe said this would continue, *with the company examining the* possibility of new High Street and out-of-town sites.

Citicorp Venture Capital is taking an initial 25 per cent equity stake in the company, National Commercial and Glyns 10 per cent, and the Wades management team the rest.

U.S. offshoots boost Stone Intl.

FAVOURABLE exchange rates are giving Stone International a competitive position in UK product lines with dollar to sterling conversion improving U.S. profits.

The company reports record achievements in the first half ended November 30 1984 with pre-tax profits up from £2.63m to £3.16m after interest charges of £743,000 compared with £653,000.

A significant increase in the operating results of Stone's U.S. companies, in addition to the effects of currency translation, made a major contribution to the group's improvement.

Mr B. P. Jenks, chairman, says the board views the outlook for the second half with continued confidence, particularly in North *America.* Order intake continues satisfactorily.

Stone, a diverse international systems engineering group, came to the Stock Exchange in October. Management acquired it from the receiver of Stone **Platt Industries** and the group *was consistently profitable* throughout SPI's demise.

Half-year sales were ahead from £33.7m to £39m and the operating profit rose from £3.28m to £3.9m.

The interim dividend is 1.46p as forecast, with earnings per ordinary 20p share 6.3p on the increased capital (6p).

Tax was £1m compared with £752,000 with minorities at £327,000 (£194,000). Attributable profit was £1.65m compared with £1.5m.

UK operations secured a satis*factory order intake including* the contract for the Singapore mass rapid transit authority valued at £10.8m. Difficulties involved in negotiating such large international contracts persisted for the half year and adversely affected the level of *activity in Crawley.*

In September a 125,000 sq ft factory in Crawley was opened equipped with £0.75m CNC machine tools to exploit the investment in an integrated computer-aided design and manufacturing system.

The facility enhances productivity and design capabilities, enabling the company to be more competitive overseas. A key element in the group's overall strategic plan is developing its international energy system *division. This comprises Stone* Boilers in the UK and Stone Johnston Corp in the U.S. Earlier this month the company acquired the industrial boiler and pressure vessel activities of Danks Gowerton. The company intends to expand by acquisition in other areas to supplement the electronic and transportation divisions.

● comment

Less than half of Stone's 20 per cent increase in taxable profits comes thanks to dollar translation gains. The market clearly expected slightly more, and the shares accordingly slipped 4p to 156p, still an apparently demanding 14.8 times historic earnings. Yet the liveliest growth area, North America—which accounts for 60 per cent of sales as against 50 per cent last year — owes nothing to the dollar's strength because almost all of Stone's U.S. products are made locally. However, sterling has sunk so low in the current half that the group is now beginning to find it cost effective to make some of its U.S. equipment in the Crawley factory. The Danks Gowerton acquisition takes Stone into an under-supplied energy systems market, and is in line with its policy of using the cash generated by the comparatively mature transportation business to build up a presence in the faster growings areas of energy management and electronics. Around £7m pre-tax looks in reach for the year, which brings the prospective multiple down to 12 after a 36 per cent tax charge, still a *couple of points above the sector.*

129 companies are wound up

COMPULSORY WINDING-UP orders have been made against 129 companies in the High Court. They were:

Richworth Facilities Management, Staylast Coatings, Firstline Sales, Electronic Field Productions, Keen Computers, D and H Carriages.

Absonese, Spelthorne Micro Systems, Genesis (Unisex), Kensington Conversions, E. D. Woolley and Company, L. M. Ballamy Enterprises.

Pencotech International, Ferry*save* Tours, Angledove, Crewe Johns, Opaldag, Laustan Construction Company.

Totembond, Window Master (Manufacturing). Kent Computers and Communications, Carrobond, Adam Heydall, Gilmoor Foods (Wigan).

Epikeep, John Blanchard Insurance Services, Carl Smith Transport (Leicester), Remac Precision Engineering Company, Collett and Taylor, Neptune Enterprises, Stresa.

Unitmovements (Europa), "E" Bros (Builders), Ace Cinemas, Tweedwick, Clayton's Administration.

Clayton's Enterprises, Jeffers *Marketing, Microlines Computers,* Post-A-Plant, Rumberry.

Alternative Viewing, Briwin Electrical, Buran Air Systems, R.S. Chemicals, Maison Lighting, Tanalum.

Finebarns, Elbow Finance, Powerproud, W. Danemann and Co., *Sweeney Freight, The Song*writers Workshop.

Autorunner, Ambergate, Transport Delivery Services, Castlehouse, C.D. Timbers, D. P. Hurley.

D. C. Haylett Transport, Favkarn, Hean She Hair Fashions, Loxhurt, Marsden and Powell, M. G. Pedel.

M.J.F. Tool, M.R. Discount Stores, N. I. Jones Engineering, Nilku Products, Offshore Marine Salvage, Burtons Automotive (Cudworth).

Frankley, Justine Mireille (Jewels), O. M. Tary Holdings, Ice Clothiers, Cartbrook, Brand Computer Services, Catrane.

Sys-Unipower, Mastermart, Constructanplan, H.E.P. Building Services, Rowling and Chambers Roofing and Building Contractors, Sortglow, Anlon Foods.

Pennonite Import/Export, ABC Reprographics (Midlands), Blue Dart Freight Services, Royal British Legion (Ibstock) Club, Pridehouse.

Fair Fashions, Christian Rovsing Systems (UK), Baftonbury, Dollhand, Everystyle, Helenbond, Homar.

J. & B. Entertainments, Rustlechoice, J. Scanlon (Holdings & Managament), Flamelong, J. and J. Plasterers, Circa Furniture, Burnmead.

Abbarlon, Bestel-Dean, Just Kidding Productions, Patrick *Finn and Sons, Mellorview,* Hughes Plastic Displays.

G. A. Cowling, Manapparel, Sandiacre Electrics, Adbags, T. & K. Freight Group.

Casanova, Powermace, Regentone, Superflora, Waltham Painting Contractors, D and L (International).

Gunnice, Blimpgate, Blountbond, Grewal and Company, Hoyvale, Aldridge Mechanical Handling, Clegplan.

Compulsory winding up orders made on January 14 against N.D.E. Insurance Services and Britknit International were rescinded and the petitions dismissed by consent.

Ship in Sol liquidation arrested

TOR CALEDONIA, a ship chartered to the British Government during the Falklands war, is one of the assets in the liquidation of the Bristol-based Spanocean Line, known as Sol, which has crashed with an estimated deficiency to creditors of £12.73m.

The ship, renamed Gothic Wasa after being awarded Falkland Islands 1982 colours, has been placed under arrest in Rotterdam.

Midland Bank ordered its seizure. Gothic Wasa has been valued at £4.2m but the Midland Bank has a charge on the ship and claims it is owed $9.2m. The dispute has been put before a Dutch court.

Creditors have appointed Peter *Phillips, of London chartered* accountants Arthur Andersen and Co. as Sol's liquidator.

In a report to creditors, it is disclosed that Sol owns two other vessels, Snow Hill and Snow Storm, each valued at £2.9m. Both vessels are also charged *and it is estimated that nothing* will be available from that source in the liquidation.

The only vessel not charged is Spring Dream, which has a book value of just under £2.9m. Creditors have been told that the company has not yet taken delivery of Spring Dream from the shipbuilders.

Delivery had been scheduled for December 31 but it was delayed because of Sol's shortage of funds. The book value of £2.9m represents sums paid *on account. The agreed purchase* price is $19.5m of which 90 per cent is to be funded by Bank of America.

Creditors are told that it is estimated the final cost will exceed the market value of the vessel by some $6.5m. Bank of *America has charges over all* rebate and refund guarantees contained in the contract and a right of assignment over the building contract.

The company was incorporated in 1975 and had offices at Portview Road, Avonmouth, Bristol. Directors *were Mr Per Olof* Oweson, Mats Ruhne and Martinus Ros.

The directors have said they considered Saleninvest AB to be the company's ultimate holding company. When Saleninvest filed for bankruptcy in Sweden on December 19 last the directors realised that no further income would be received from these sources and that Sol was unable to meet any current leasing payments.

In addition, after consulting their accountants, the directors concluded that the assets owned by Sol were of insufficient value to meet fixed charges and ongoing liabilities as they fell due. They felt, because of this, that they had no option but to put the company into voluntary *liquidation.*

A statement of affairs filed by the directors shows that Midland Bank and Bank of America will be the biggest losers. After fixed charges held by them on vessels have been taken into account the Midland Bank will *be owed an estimated £3.3m and* Bank of America £11.3m.

Kunick expected to join the USM

Kunick Leisure Group, whose directors include Sir Fred Pontin, Mr Don Robinson and company doctor Mr Ronnie Aitken, is expected to join the Unlisted Securities Market this year with a market capitalisation around £6m.

The company, which acquried the London Dungeon and a Scunthorpe discoteque during 1984, has comfortably exceded the £500,000 pre-tax profit forecast it made in May when it raised £1m through a private placing.

Profits rose by 112 per cent to £652,000 in the year to September 30 1984 on a turnover of just over £3m. Net assets amounted to £3.75m, including cash balances of £723,000. Mr Aitken said yesterday that the company had sufficient funds to finance its planned expansion.

Kunick will be opening three neww ater parks, probably in time for the 1985 summer season, following the success of Scunthorpe which opened *last* year.

It is also developing a new complex in York in association with Juliana's which will include a restaurant, discoteque and banqueting hall.

Saatchi acquires Kleid of U.S.

Saatchi & Saatchi, the UK-based advertising group, is continuing its rapid series of U.S. acquisitions with the purchase *for up to US.$15m (£13.3m)* of Kleid, a New York company providing advice on direct marketing.

Saatchi is paying $4m initially in cash with additional payments of up to $11m depending on Kleid's 1986 and 1987 profits.

Kleid has developed computer systems to aid in the process of target selection, and also analyses the effectiveness of direct marketing campaigns.

In the year ended March 31, 1984, Kleid had pre-tax profits of $2.25m on gross billings of $40.6m.

Yearlings

The interest rate for this week's issue of local authority bonds is 11 3/16 per cent, down 1/16 of a percentage point from last week and compares with 9 3/4 per cent a year ago. The bonds are issued at par and are redeemable on January 29 1986.

A full list if issues will be published in tomorrow's edition.

Falls in copper and silver prices push MIM into the red

AUSTRALIA'S base metal and coal-producing **MIM Holdings** has plunged back into losses during the first half of its current year to June 30. In the 24 weeks to December 9 it has lost A$26.5m (£19.1m) compared with a net profit of A$14.7m in the same period of the previous year.

MIM is not paying any interim dividend. For the previous year there was an interim of 2 cents followed by a final of 3 cents.

Lachlan Drummond reports *Sydney* that the group is struggling under the effects of low prices for its copper and silver coupled with the interest burden of its A$1.25bn coal expansion.

Turnover in the latest half-year advanced 25 per cent from A$421.3m to A$524.7m, reflecting increased sales of coal, copper, lead, nickel and silver plus higher prices for lead and zinc. But the increases were more than offset by lower copper and silver prices.

Coal shipments jumped to 3.84m tonnes from 1.11m tonnes a year ago as peak production levels were approached. There was an overall loss on coal, however, with small profits at the Collinsville and Oaky Creek mines being offset by losses at the big Newlands steaming coal operation which has nearly reached its design capacity output of 4m tonnes a year.

MIM said that its losses lessened in the second 12 weeks of the period although its cost-cutting and revenue enhancement programme has not yet made its full impact.

The group is encouraged by the firming trend for metals and is cautiously optimistic of an improvement in the all-important copper price this year.

Johnnies climbs R6.1m

HIGHER INCOME from both investments and operating subsidiaries led to improved first half profits for Johannesburg Consolidated Investment, the South African mining finance house, and the interim dividend has been increased from 180 *cents to 200 cents (77p).*

The group says that the dividend increase is intended to reduce the disparity between the interim and final payments, as well as reflecting the improved trading results. Last year's final was 570 cents.

Investment income for the six months to end-December 1984 rose from R46.7m to R47.1m, in spite of the absence this time of a special dividend from the Randfontein Estates gold mine.

The operating subsidiaries contributed R10.4m, up from R6.7m, largely because of better performances from Tavistock Collieries and Lennings, the industrial group.

Attributable profits come out at R62.2m, compared with R56.1m, and earnings were shown at 845 cents per share, against 786 cents.

Net asset value per share at the end of the period was R289, equivalent to £104 at the current exchange rate. This compares with Johnnies' closing price in London last night of £87.

Consolidated Tern for USM

Consolidated Tern Investments, a south Glamorgan-based property development, building and plant hire group, is one of the latest companies to join the Unlisted Securities Market.

Tern is expected to raise around £1.5m through a placing of a third of its equity, which will include £1m in new money for the company, with the rest made up from share sales by the directors. It is planning to achieve a market capitalisation of just over £5m.

Founded as a construction group in 1971. Tern was a pioneer of the design and build concept in south Wales. It opened a plant hire corporation in Cardiff two years later, and diversified into property development in 1980. Tern opened a Southampton office three years ago, specialising in industrial construction, since when it has also gone into developing low density housing and sheltered accommodation in the area.

The property division accounted for £4.9m out of last year's £16.6m sales, with building taking up £9.2m.

Tern plans to use the placing money to undertake further property developments and expand the plant group's operations in southern England.

The placing is sponsored by merchant bankers Robert Fleming, and the shares are being distributed by stockbrokers Stock Beech. Full details of the issue will be published on Monday.

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Marubeni in record C$200m Eurobond issue, Page 40

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WALL STREET

Optimism after GNP revision

OPTIMISM over the economic outlook was boosted on Wall Street yesterday by the Commerce Department's upgrading of third-quarter GNP figures, leaving stocks to consolidate their gains in early turnover that neared peak levels, *writes Terry Byland in New York.*

The bond market, returning to work after Monday's holiday, soared higher in response to the low inflation levels confirmed by the Commerce Department's *statistics.*

The stock market opened with a rush of business which lifted the Dow Jones industrial average by nearly 10 points, leaving the market tape running 10 minutes late.

The early gains were lost at midsession but the market continued to churn busily. After a brief turndown, the Dow Jones industrial average rallied, only to turn off again to close down 1.87 at 1,259.50. The New York Stock Exchange (NYSE) composite index, at 101.28, was also at a new high. Turnover of 176.2m shares was the highest since mid-October and the fourth highest daily total on record.

Heavy demand for second line issues brought another sharp rise in the American Stock Exchange index.

IBM jumped $1⅜ to a peak of $129⅜ in another burst of heavy trading. After a coolish response to the latest IBM trading figures, the investment press had returned the stock to favour.

Also very active again was AT&T stock, although finishing unchanged at $21. Southwestern Bell eased $¼ to $68¾ after announcing results.

The most active issue was Merrill Lynch, the largest Wall Street securities house, which ended unchanged at $30. Other securities houses were also cheered by the potential for earnings of a renewed bull market. Salomon Bros, at $36¼ was down $1 in heavy turnover. Paine Webber gained $⅝ to $31½ after announcing 1984 results.

Other computer issues were mixed despite IBM's lead. Digital Equipment bounded ahead by $2 to $113¾ on good profits news, and Data General rose $1 to $82⅞, also on results.

But among the mainframe manufacturers, Burroughs fell $1½ to $61¾ after some analysts had criticised the trading results, disclosed last week.

Airlines renewed their strong rise, with the market expecting increased business travelling as the economy picks up. American gained $⅞ to $35⅞, United $⅝ to $44¾ and Delta $¼ to $42⅞.

In the financial sector, American Express fell up $⅝ to $38½ on results. At $43¾, J. P. Morgan added $⅝, and Chase Manhattan was down $⅜ at $52¼.

But First Interstate Bancorp was unchanged at $45⅞ in response to its trading figures. Great Western Financial, the largest of the publicly-quoted savings and loan groups, fell $¾ to $27, despite a modest rise in earpiece

In oils, the decision to sell the former Gulf Oil headquarters in Pittsburgh lifted Chevron $⅝ to $33¼. A dividend increase pushed Standard Indiana $¾ ahead to $56½. Diamond Shamrock, recently in aborted merger talks with Occidental, rose $¼ to $18⅞ on poor trading figures.

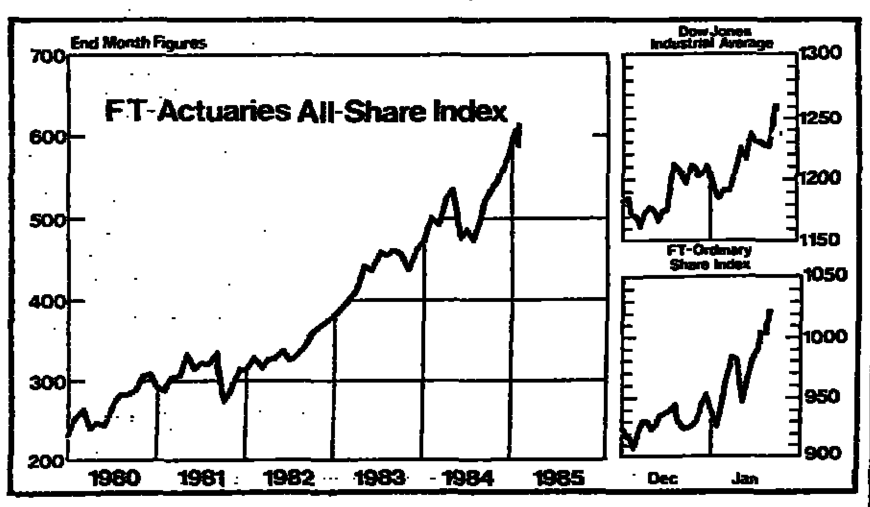
Pharmaceutical stocks, uncertain of the next twist in the saga of the dollar, looked mixed. Merck dipped $1½ to $94¼ after reporting indifferent profits growth.

But Rockwell, the defence group, added $¼ to $32⅜ on results. Other industrials responding to trading news included RCA $⅛ firmer at $38½.

In the credit market, bond prices sustained gains of more than a full point in improved trading. With the Treasury out of the long-term funding markets for the rest of the month, retail investors now show some interest. The key long bond at 103⅝: gained 1⅞₃₂.

Short-term rates eased by a few basis points but traders were waiting for the outcome of a Treasury bill auction, postponed from Monday because of the Presidential inauguration.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Jan 22	Previous	Year ago
DJ Industrials	1,259.50	1,261.37	1,259.11
DJ Transport	594.11	593.22	596.45
DJ Utilities	147.83	147.77	130.39
S&P Composite	175.48	175.23	166.21
LONDON			
FT Ord	1,024.5	1,003.9	824.9
FT-SE 100	1,305.7	1,279.0	1,059.0
FT-A All-share	627.28	616.65	496.66
FT-A 500	690.38	678.72	530.99
FT Gold mines	463.0	463.7	524.9
FT-A Long gilt	10.71	10.72	10.17
TOKYO			
Nikkei-Dow	11,868.12	11,975.74	10,104.0
Tokyo SE	931.67	935.37	764.45
AUSTRALIA			
All Ord.	756.5	750.7	781.5
Metals & Mins.	441.4	432.8	541.2
AUSTRIA			
Credit Aktien	58.22	58.35	55.36
BELGIUM			
Belgian SE	118.29	2,096.62	–
CANADA			
Toronto			
Metals & Minls	2,093.0	2,061.65	2,464.0
Composite	2,491.8	2,464.45	2,572.5
Montreal			
Portfolio	125.81	124.46	125.9
DENMARK			
Copenhagen SE	165.46	162.79	225.21
FRANCE			
CAC Gen	191.9	190.8	167.5
Ind. Tendence	104.7	104.1	90.1
WEST GERMANY			
FAZ-Aktien	402.66	402.51	360.5
Commerzbank	1,171.1	1,169.4	1,065.6
HONG KONG			
Hang Seng	1,373.62	1,350.00	1,034.0
ITALY			
Banca Comm.	256.67	255.74	219.02
NETHERLANDS			
ANP-CBS Gen	195.3	192.0	168.9
ANP-CBS Ind	157.1	104.1	142.1
NORWAY			
Oslo SE	319.95	314.2	243.29
SINGAPORE			
Straits Times	770.68	768.71	1,044.44
SOUTH AFRICA			
Golds	1,025.7	1,043.3	813.6
Industrials	906.1	902.6	969.7
SPAIN			
Madrid SE	109.14	110.27	77.49
SWEDEN			
J & P	1,426.63	1,438.96	1,524.20
SWITZERLAND			
Swiss Bank Ind	407.1	404.4	383.2
WORLD	Jan 21	Prev	Year ago
Capital Int'l	193.6	190.5	186.5

GOLD (per ounce)

	Jan 22	Prev
London	$305.75	$307.50
Zürich	$306.50	$307.75
Paris (fixing)	$306.22	$305.77
Luxembourg	$306.50	$307.15
New York (Feb)	$303.90	$308.40

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Jan 22	Previous	Jan 22	Previous
$	–	–	1.1245	1.1235
DM	3.1695	3.1705	3.5625	3.565
Yen	253.95	253.4	285.5	285.0
FFr	9.695	9.7075	10.9025	10.9175
SwFr	2.67	2.6665	3.00	2.9975
Guilder	3.581	3.58	4.025	4.03
Lira	1,945.5	1,948.5	2,191.0	2,193.0
BFr	63.45	63.45	71.3	71.4
C$	1.32375	1.32285	1.488	1.4875

INTEREST RATES

Euro-currencies (3-month offered rate)	Jan 22	Prev
£	12	12
SwFr	5⅜	5¼
DM	5¾	5¹³⁄₁₆
FFr	10⅞	10⅞
FT London Interbank fixing (offered rate)		
3-month U.S.$	8½	8⅝
6-month U.S.$	8⅞	8¹³⁄₁₆
U.S. Fed Funds	8⁵⁄₁₆	8¼
U.S. 3-month CDs.	8.05	8
U.S. 3-month T-bills	7.68	7.71

U.S BONDS

Treasury		Jan 22* Price	Yield	Prev Price	Yield
9⅞	1986	100⅝₃₂	9.78	100⅞₃₂	9.83
11⅝	1992	102¹⁹⁄₃₂	11.13	101³¹⁄₃₂	11.22
11⅝	1994	102⅝₃₂	11.26	101¹²⁄₃₂	11.38
11¾	2014	103	11.39	102⅛₃₂	11.50

Corporate	Jan 22* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	96¾	11.20	95⅞	11.40
3⅞ July 1990	75	10.00	73⅞	10.25
8¾ May 2000	77⅞	12.00	77	12.10
Xerox				
10⅞ March 1993	95¾	11.45	94	11.80
Diamond Shamrock				
10⅜ May 1993	95⅝	11.50	91⅝	12.25
Federated Dept Stores				
10⅜ May 2013	87	12.70	86¾	12.30
Abbot Lab				
11.80 Feb 2013	98¾	11.95	94½	12.50
Alcoa				
12¼ Dec 2012	98¾	12.40	96⅝	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	72-07	72-07	71–09	71–11
U.S. Treasury Bills (IMM) $1m points of 100%				
Mar	92.12	92.14	91.98	92.04
Certificates of Deposit (IMM) $1m points of 100%				
Mar	91.56	91.57	91.40	91.46
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	91.20	91.22	91.07	91.18
20-year Notional Gilt £50,000 32nds of 100%				
Mar	104–31	105–07	104–13	104–26

COMMODITIES

(London)	Jan 22	Prev
Silver (spot fixing)	554.80p	550.85p
Copper (cash)	£246.50	£1,246.50
Coffee (Mar)	£2,392.50	£2,378.50
Oil (spot Arabian Light)	$27.825	$27.90

TOKYO

Display of enthusiasm evaporates

LATE profit-taking in the wake of another sharp advance drove share prices lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji press.*

The Nikkei-Dow market average soared to 11,997.44 at one stage in the morning, but closed the day down a net 96.40 at 11,868.12. Trading was brisk with 391m shares changing hands, up from Monday's 266m shares. Declines outpaced advances 440 to 291, with 168 issues unchanged.

Encouraged by the stronger than expected overnight rally on Wall Street, investors sought blue chips in early trading but enthusiasm soon evaporated. Speculative demand continued in Sony and other 8mm videocassette recorder-related issues, although there were few purchases by general investors. This reflected concern that the strength of Wall Street will prove short-lived in the absence of fresh incentives.

Another unfavourable factor was a press report from Washington that the Congressional Budget Office has begun studying whether to impose import surcharges, in a bid to reduce the huge U.S. trade deficit. Blue chips were particularly sensitive to the report.

Matsushita Electric Industrial added Y30 at one stage, but closed Y20 down from the previous day at Y1,590 with 10.25m shares traded, topping the active list. Fuji Photo surged Y50, but closed Y40 lower at Y1,780 and Sony declined Y20 to Y3,980 after an early Y100 advance.

Pioneer fell Y150 to Y3,120 on an expected drop in its recurring profit for the accounting year ending in March.

Following the declines among blue chips, buying interest shifted to lower-priced incentive-backed issues. Sugar refiners were in the spotlight following a pick up in product prices and efforts to diversify into biotechnology.

Nippon Beet Sugar rose Y19 to Y313 on heavy turnover and Mitsui Sugar Y13 to Y281. Other biotechnology-related issues firmed, with Kuraray up Y7 to Y852 and Taisho Pharmaceutical Y50 to Y1,080. Ihara Chemical scored a limit gain of Y101 to Y1,090.

Persistent concern over the market outlook and the lack of interest in blue chips has left some market participants expecting incentive-backed issues to continue to draw interest.

In the bond market, city and trust banks were purchasers in early trading, but they began to retreat after the yen declined further against the dollar. Institutional investors are now extremely sensitive to the high level of bond prices.

The yield on the barometer 7.3 per cent government bond, due in December 1993, went up slightly to 6.510 per cent from 6.505 per cent.

SOUTH AFRICA

A FIRM trend in Johannesburg gold shares was undone near the close as prices were marked down in response to the rand's stronger performance.

Buffels closed R1.75 down at R75.25, while Driefontein shed R1 to R53.75. Other miners avoided the downturn, with diamond share De Beers 5 cents stronger at R8.85 and Rustenburg Platinum 40 cents ahead at R17.30 after its results.

Industrial leader Barlow Rand retreated 20 cents to R10.65, while South African Breweries slipped 5 cents to R6.50.

CANADA

THE STRONG gains of the previous session spilled over into a buoyant Toronto which derived added strength from an early Wall Street rise.

Bell Canada featured with a rise of C$⅝ to C$35⅞ after its C$3 per share bid for Daon, which traded up 36 cents to C$2.97. Other actives were Falconbridge, C$1¾ higher to C$87. Canadian Pacific which extended Monday's surge with a further C$1 advance to C$54½ and Bank of Montreal, C$¾ stronger at C$27⅞.

Banks and industrials lead the broad advance in Montreal.

EUROPE

Excursion to peaks is extended

ENTHUSIASM spurred by the overnight surge on Wall Street brought a further round of records on European bourses yesterday.

In **Frankfurt**, the Commerzbank index posted a fifth consecutive high, rising 1.7 to 1,171.1 at its midsession calculation. However, the bourse followed the course seen in recent days with late profit-taking erasing some of the early gains and leaving stocks to close mixed.

Allianz continued its advance up DM 4 to DM 1,078 ex-rights, after comments from the managing board chairman that the insurer expects at least to maintain its DM 10 dividend on 1984 results.

Bond prices eased in quiet trading ahead of the results of the Finance Ministry's tender of three and four-year notes after the market had closed. In the event, the three-year note was priced at 99.60 for a yield of 6.51 per cent and a price of 99.40 was set on the four-year notes for a yield of 6.80 per cent.

The Bundesbank bought DM 46.7m of paper after sales totalling DM 97.1m the previous day.

Heavy domestic and foreign demand was again seen in **Amsterdam** where the ANP-CBS general index scored a 3.3 rise to a peak of 195.3.

Among market leaders, Royal Dutch added Fl 5.40 to Fl 183.20 while strong U.S. demand buoyed Akzo, Fl 1.80 higher at Fl 104.50, Unilever Fl 4.80 higher at Fl 338 and Philips, up Fl 1 at Fl 58.80.

Nationale-Nederlanden put on Fl 5.50 to Fl 292.50, while Heineken added Fl 4.10 to Fl 157.4 with the continued advance attributed to a recent buy recommendation by a U.S. brokerage house.

Bond prices were little changed in quiet trading as the market awaited the outcome of the day's state loan tender. The issue price of the 10-year bonds, bearing 7½ per cent, was fixed at 100.60 for an effective yield of 7.40 per cent on an eight-year average life.

Renewed buying after Monday's decline took **Zurich** shares to record levels with the Swiss Bank Industrial index up 2.7 to 407.1.

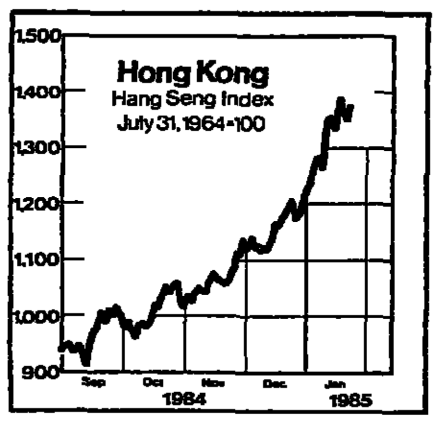
Major banks were a focus of attention with Swiss Bank SwFr 3 higher at SwFr 366, Credit Suisse SwFr 15 ahead at SwFr 2,395 and Bank Leu SwFr 30 firmer at SwFr 3,780. Financials also recorded widespread gains.

Opening gains were extended in active **Paris** trading ahead of the monthly settlement date with better-than-expected trade figures for December helping the CAC General index 1.1 ahead to a record 191.90.

Thomson added FFr 3.50 to FFr 449 as it announced that its offer to buy the remaining 20 per cent of military equipment maker Sintra was expected to cost about FFr 68m.

Brussels rebounded strongly after the recent declines, with the advance led by the utilities sector. **Milan** stocks continued at record levels while **Oslo** was also at a peak.

Madrid was easier in quiet trading while **Stockholm** was also lower, partly as a result of a sharp rise in domestic interest rates.



HONG KONG

THE PURCHASE by Hutchison Whampoa of Hongkong Land's stake in Hongkong Electric was announced after the close in Hong Kong, but the suspension of trading in the three shares early in the session fuelled speculation and drove the Hang Seng index 23.62 points higher to 1,373.62.

Hutchison traded at HK$20.40 off market, compared with the HK$20.20 suspension price and HK$19 at the previous close. HK Land rose to HK$5 off market against HK$4.65 at suspension and HK$4.35 on Monday. Hongkong Electric gained 20 cents by the time it was suspended at HK$7.55. The Hutchison purchase was fixed at HK$6.40 for each of the 454m HK Electric shares.

Jardine Matheson, which owns about 40 per cent of HK Land, added 80 cents to HK$10.20 and Hongkong Telephone was HK$1 firmer at HK$59. Among other performers, gains of 30 cents each were recorded by Bank of East Asia at HK$24.80, Cheung Kong at HK$13.40 and China Light, which owns nearly 40 per cent of Hutchison, at HK$14.40.

LONDON

Remarkable advance resumes

LEADING industrials resumed their remarkable advance in London yesterday after Monday's consolidation which featured a lull in recent institutional activity. Buying interest revived strongly and the FT Ordinary index soared 20.6 to a record 1,024.5, a rise of 75 points in the past six sessions. U.S. influences again underpinned the advance.

American interest focused on ICI, 36p stronger at 822p, while other overseas earners were spotlighted and the demand prodded the institutions into committing funds. Associated Newspapers scored one of the best advances, a surge of 60p to 720p. Oils were active again, with Shell Transport 10p higher at 705p.

Index-linked gilts stormed ahead and conventional issues regained early falls of ¼ and sometimes more to close marginally better on the day.

Chief price changes, Page 32, Details, Page 33; Share information service, Pages 34-35

AUSTRALIA

INSTITUTIONAL activity dominated Sydney again as most shares finished near their highs for the day despite late profit-taking. The All-Ordinaries index rose 6.4 to 756.5, while the All-Industrials index hit a record of 1,133.5, an advance of 6.1 points.

Media issues were active with the Herald and Weekly Times rising 27 cents to A$4.05 on reports that Mr Robert Holmes à Court's Bell Group was poised for another takeover bid. A bid by Holmes à Court in 1981 failed. Bell Group was unchanged at A$4.75. News Corporation firmed a further 10 cents to A$12.10, while Queensland Press added 20 cents to A$7.20.

SINGAPORE

PROFIT-TAKING and a dearth of follow-through buying led to an easier Singapore as the Straits Times industrial index edged 1.97 down to 770.68.

City Development, most active, firmed 1 cent to S$1.03, while Singapore Press, again actively traded, rose 10 cents to S$6.35.

Banks finished mixed to lower with DBS 10 cents up at S$5.45 on heavy turnover.

Closing prices, January 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	15⅛	AAR	.46	2.5	[illegible]	277	19⅛	19½	19⅛	-⅛
30¼	9⅛	AGS			13	255	17⅜	16⅞	17	+⅛
21	12⅞	AMCA				1	13⅛	13⅛	13⅛	-⅛
17⅞	13⅛	AMF	.50	3.2	88	439	15⅛	15⅜	15⅝	-⅛
38⅝	24⅛	AMR			8	13835	36	35⅛	35⅝	-⅝
20⅝	18⅛	AMR	pf2.18	11.		217	19⅝	19⅜	19⅜	-⅛
39	27½	AMR	pf2.13	6.0		1093	35⅝	35½	35⅝	-⅛
25¼	22⅞	ANR	pf2.67	11.		1	24	24	24	
23	19	ANR	pf2.12	11.		2	19⅝	19⅝	19⅝	-⅛
14⅛	8⅞	APL			3	5	10⅛	10⅛	10⅛	-⅛
89¼	44⅛	ASA	3	6.1		2100	50⅛	49⅛	49½	-1
26⅝	16	AVX	.32	1.7	11	1524	18⅝	17⅞	18½	+⅛
48½	36½	AbtLab	1.20	2.7	13	6161	45⅛	44⅛	44½	-⅛
23⅝	16½	AccoWd	s.44	1.9	19	1172	u23⅝	22½	23⅝	+1⅛
27	12½	AcmeC	.40	2.5		88	16½	16⅛	16⅛	
12⅛	8¼	AcmeE	.32b	3.2	12	34	10	9⅞	9⅞	
17⅛	15	AdaEx	2.11e	13.		107	16⅝	16⅛	16⅛	-⅛
16⅞	11⅞	AdmMl	.32	1.9	8	49	16⅝	16⅛	16⅝	+⅛
27¼	8⅝	AdvSys	.91	4.5	20	455	12⅝	12	12⅝	-⅛
41⅛	25⅛	AMD			14	6800	34⅛	33⅝	33⅞	+⅛
12⅛	6⅞	Advest	.12	1.2		215	10⅛	9⅛	9⅞	
14⅝	8⅛	Aerflex			12	85	13⅛	12⅝	12⅝	-⅛
39	27⅛	AetnLf	2.64	7.1	31	3208	38⅛	37	37	-1⅛
58¼	50⅛	AetL	pf5.37e	11.		524	55⅛	55⅛	55⅛	-⅛
33⅛	15⅛	Ahmns	1.20	3.9	14	7256	30⅛	30	30½	+⅛
5⅛	2⅛	Aileen			30	10	3	3	3	
48⅝	36½	AirPrd	1.20	2.5	10	920	47⅛	46½	47⅛	+1⅛
28⅝	13	AirbFrt	.60	2.7	12	164	22⅝	21⅛	22	+⅛
1⅞	⅞	AlMoa			37	448	1⅛	1⅛	1⅛	+⅛
27⅛	21	AlaP	pf2.37e	12.		440	25⅛	25⅛	25⅛	+⅛
31⅛	26¼	AlaP	pfA3.92	13.		2	30¼	30¼	30¼	+⅛
7½	6	AlaP	dpf.87	12.		17	7⅛	7⅛	7⅛	+⅛
72⅛	61½	AlaP	pf 9	13.		z190	71	71	71	-1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

B—B—B

C—C—C

D—D—D

E—E—E

F—F—F

G—G—G

H—H—H

I—I—I

J—J—J

K—K—K

L—L—L

M—M—M

N—N—N

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, January 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅝	ADI	n		19	63	5	4⅞	5	.
3	¼	AICPh				1	1⅛	1⅛	1⅛	
15⅞	8¼	ALLab	n.20	1.7	11	15	12	11¾	12	
15⅝	12	AMC	n 12	.8	12	9	15⅝	15½	15⅝	
4⅛	2⅞	AM	[illegible]			659	3⅛	3⅝	3¾	
73¾	58	ATTFd	n5.52e	7.5		134	73¼	73	73⅛	+ ⅛
6⅛	2⅞	AcmePr			30	9	5¼	5⅛	6⅛	− ⅛
15¼	8½	AcmeU	.32	3.3	11	117	10	9⅝	9⅝	− ¼
16⅝	9⅝	Action			41	281	16½	16	16¼	+ ¼
9¼	3⅝	Acton				184	5	4⅞	4⅞	
3⅝	1½	AdmRs			3	54	2¼	2⅛	2¼	+ ⅛
28⅛	15⅝	AdRusl	.14	.5	21	226	u27	26	27	+ ¾
24¼	15	Adobe	.24	1.3	12	95	18	17¾	17⅞	− ⅛
8⅝	4½	Aerone			7	96	6½	6¼	6⅜	+ ⅛
35½	16½	AffilHsp	.44	1.2	15	13	35½	35½	35½	
50⅝	38½	AffPub	.80	1.6	16	26	50⅝	49¾	50⅜	+ 2⅜
8⅛	6	AirExp			10	38	7⅞	7⅝	7⅝	− ⅛
14¼	5⅞	Aircal				120	9¼	8¾	9⅛	+ ⅛
5⅞	2⅝	Alamco			7	20	3⅛	3⅛	3⅛	− ⅛
75⅛	65½	Almito	n			21	74	73½	73½	− ½
14	6⅛	AlbaW			9	2	8⅝	8⅝	8⅝	
9¾	5⅞	Aloha			1	4	6¾	6⅝	6⅝	+ ⅛
19⅝	8½	AlphaIn	.05	.5	12	631	11⅛	10⅝	10⅝	−1
1⅝	½	Altex				190	1⅛	1¼	1⅛	
⅞	⅛	Altex	wt			160	¼	⅛	3-16	−1-16
34¼	28⅝	Alcoa	pf3.75	11.		z100	33	33	33	+ ¼
24⅞	11	AlzaCp			82	1248	u25⅛	22⅞	23½	−1¼
19⅝	9½	Amdahl	.20	1.3	19	6523	16	15⅝	15⅞	− ¼
16⅞	6½	Amedco	.08	.8		69	10¼	9⅝	10	+ ¼
[illegible]										

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Jan. 22	Price Sch%	+ or —
Creditanstalt	226	......
Goesse	335	—3
Interunfall	410	—2
Laenderbank	225	......
Perlmooser	354	—7
Steyr-Daimler	160	—1
Veitscher Mag.	257	—3

BELGIUM/LUXEMBOURG

Jan. 22	Price Frs.	+ or —
B.B.L.	1,800	......
Banq. Int. A. Lux	6,550	+20
Bekaert B.	4,425	+45
Ciment CBR	2,480	—20
Cockerill	261	+10
Delhaize	5,700	+100
EBES	2,810	+40
Electrobel	8,100	—30
Fabrique Nat	2,100	+30
GB Inno BM	2,915	—10
GBL (Brux)	1,980	+15
Gevaert	3,650	+55
Hoboken	5,960	......
Intercom	2,115	+45
Kredietbank	7,640	......
Pan Hldgs.	10,300	......
Petrofina	6,780	+60
Royale Belge	10,100	......
Soc. Gen. Banq	3,250	+50
Soc. Gen. Belge	1,800	+5
Sofina	7,100	+170
Solvay	3,950	—15
Stanwick Intl.	1,450	......
Traction el.	3,880	—10
UCB	4,790	+185
Wagon Lits	2,240	+20

DENMARK

Jan. 22	Price Knr %	+ or —
Andelsbanken	268	+4
Baltic Skand	680	+15
CopHandelsbank	265	+5
D. Sukkerfab	485	......
Danske Bank	265	+4
De Danske Luft	1,120	......
East Asiatic	158	+8
Forenede Brygg.	800	+5
Forenede Damp.	94	......
GNT Hldg	390	+12
I.S.S.B.	370	+10
Jyske Bank	510	—6
Novo Ind.	1,510	+50
Privatbanken	228	+2
Provinsbanken	299	—1
Smidth (F)	229	+9
Sophus Berend	915	+10
Superfos	435	—10

FRANCE

Jan. 22	Price Frs.	+ or —
Emprunt 4½% 1975	1660.1	+8.1
Emprunt 7% 1973	7,702	+22
Accor	240.7	+0.6
Air Liquide	574	+5
BIC	542	+2
Bongrain	1,675	......
Bouygues	749	+6
BSN Gervais	2,280	+30
CIT-Alcatel	1,290	+20
Carrefour	1,800	—3
Club Mediter'n	1,180	+10
Cie Bancaire	597	+5
Cofimeg	252	—1
Damart	2,375	—25
Darty	1,058	+30
Dumez S.A.	705	—13
Eaux (Cie Gen)	569	—8
Elf-Aquitane	236.0	+6.6
Essilor	2,895	+5
Gen. Occidentale	676	—2
Imetal	77.9	+0.8
Lafarge Coppee	388.9	+2.9
L'Oreal	2,414	+30
Legrand	2,070	+10
Maisons Phenix	191	—6
Matra S.A.	1,822	—28
Michelin B	779	......
Midi (Cie)	2,220	+40
Moet-Hennessy	1,978	+9
Moulinex	98	......
Nord Est.	73.35	—0.05
Pernod Ricard	699	+6
Perrier	459	—4
Petroles Fra.	256.2	+1.7
Peugeot S.A.	255.0	—1.5
Printemp.Aus	177.5	—0.4
Radiotech	231	—13
Redote	1,215	—4
Roussel Uclaf	1,619	+19
Sefimeg	305	+5.6
SkisRossignol	1,949	......
Telemech Elect.	2,300	+25
Thomson CSF	449	—3.5
Valeo	236.5	—1

GERMANY

Jan. 22	Price Dm.	+ or —
AEG-Telef.	108.5	—0.3
Allianz Vers	1078xr	+4
BASF	183.8	—0.7
Bayer	193.6	—1.8
Bayer Hypo	331	......
Bayer Verein	351	+1
BHF-Bank	289	—1.5
BMW	383.5	+3.5
Brown Boveri	196.5	—1.8
Commerzbank	175.5	+1.5
Cont'l. Gummi	123	+1.5
Daimler-Benz	638	+6
Degussa	346	+0.5
D'sche Babcock	162.5	+2
Deutsche Bank	405.1	+0.1
Dresdner Bank	194.6	—1.3
GHH	171	+2.2
Hochtief	479	......
Hoechst	188.7	—0.3
Hoesch Werke	103.9	+0.9
Holzmann (P)	396	+2
Horten	179	—3
Hussel	299	+3
Karstadt	237.5	+0.5
Kaufhof	217.8	—2
KHD	254xr	+10
Kloeckner	78	......
Linde	395	—1
Lufthansa	188	—0.5
MAN	165	—4
Mannesmann	158.6	+0.1
Mercedes Hld	560	—1.5
Metallgesell.	222	+4.5
Muench Rueck	1399	+1
Nixdorf	539	—1.5
Porsche	1083	—7
Preussag	262	+0.5
Rhein West Elect	165	—3.5
Rosenthal	249	+0.9
Schering	461.5	—3.3
Siemens	501.5	+2.3
Thyssen	91.7	+0.2
Varta	182	+0.2
Veba	174	......
V.E.W.	123.7	+0.7
Verein-West.	309	......
Volkswagen	205	+2

ITALY

Jan. 22	Price Lira	+ or —
Banca Com'le	17,910	—90
Bastogi-IRBS	182	+5
Centrale	2,515	—24
Credito Varesino	4,450	—56
Fiat	2,320	+149
Finsider	56	—0.75
Generali Assicur.	38,200	+700
Invest	2,926	......
Italcementi	77,800	+1900
La Rinascenti	667	—5
Montedison	1,438	—12
Olivetti	6,518	+19
Pirelli Co.	3,800	+89
Pirelli Spa	2,139	+40
Snia BPD	2,445	+31
Toro Assic	14,250	+250
do. Pref	10,799	+101

NETHERLANDS

Jan. 21	Price Fls	+ or —
ACF Holding	200	......
AEGON	164	+3
Ahold	211.5	+4.5
AKZO	104.5	+1.8
ABN	385	+5.5
AMEV	227.5	+1
AMRO	73.6	+1
Bredero Cert.	159.5	......
Bos Kalis Westm.	13.8	—1.2
Buehrmann-Tet.	84	+3
Calland Hldgs.	33.5	+0.4
Dordtsche Pet'm	162	+3
Elsevier-NDU	117.5	+2
Fokker	94.5	+1
Gist Brocades	181.5	+3
Heineken	157.4	+4.1
Hoogovens	64.9	+1.8
Int Mueller	43.7	+0.8
KLM	48.5xc	+1.7
Naarden	50.5	+1.2
Nat Ned Cert	292.5	+5.5
Ned M d Bank	168	+5
Nedlloyd	159.5	+1.5
Oce Grinten	302.5	+4.5
Ommeren (Van)	28.8	+0.2
Pakhoed	74.5	+1.5
Philips	68.8	+1
Robeco	74	+1.4
Rodamco	135.5	—1.4
Rolinco	67.8	+1.6
Rorento	43.8	+0.2
Royal Dutch	183.2	+5.4
Unilever	338	+4.8
VMF Stork	147	+1.8
VNU	221.5	+1.2
West Utr Bank	112.0	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. $ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Jan. 22	Price Kroner	+ or —
Bergens Bank	163	+0.5
Borregaard	367.5	—15.5
Christiania Bank	162	+1
DenNorske Cred	165	—1
Elkem	138	......
Kvaerner	176	+6
Norsk Data	407.5	+12.5
Norsk Hydro	110	+1
Storebrand	235	......

SPAIN

Jan. 21	Price Pta%	+ or —
Bco Bilbao	313	......
Bco Central	306	—4
Bco Exterior	200	......
Bco Hispano	161	—3
Bco Popular	376	—6
Bco Santander	332	—1
Dragados	168	+2
Hidrola	87.5	—2.2
Iberduero	89	—2.7
Petroleos	158.5	—3
Telefonica	113.5	......

SWEDEN

Jan. 22	Price Kronor	+ or —
AGA	368	+3
Alfa-Laval	202	—2
ASEA (Free)	345	......
Astra (Free)	425	......
Atlas Copco	110	—2
Cardo (Free)	280	—5
Cellulosa	137	+1
Electrolux B	265	—1
Ericsson	262	—1
Esselte	320	......
Mo Och Domsjo	280	......
Pharmacia	200	......
Saab Scania Free	465	......
Sandvik	380	......
Skandia	275	......
Skan Enski'da	55.5	—3.6
SKF	188	—2
St Kopparbergs	160	—3
Sven Handlesbn.	185	—10
Swedish Match	257	—2
Volvo B (Free)	260	—5

SWITZERLAND

Jan. 22	Price Frs.	+ or —
Alusuisse	773	+8
Bank Leu	3,780	+30
Brown Boveri	1,515	+15
Ciba Geigy	2,760	+80
do. (Part Certs)	2,155	+20
Credit Suisse	2,395	+15
Elektrowatt	2,740	+5
Fischer (Geo.)	655	+20
Hoff-RochePtCts	89,125	+625
Hoff-Roche 1/10	8,950	+75
Jacobs Suchard	6,490	......
Jelmoli	2,000	......
Landis & Gyr	1,665	+10
Nestle	6,910	+30
Oer-Buehrle	1,395	......
Pirelli	269	+3
Sandoz (Br)	780	+5
Sandoz (PtCts)	1,240	+22
Schindler (PtCts)	700	+15
Sika	1,110	......
Surveillance	4,110	+10
Swissair	1,100	+30
Swiss Bank	366	+3
Swiss Reinsce	9,500	+25
Swiss Volksbk	1,450	+5
Union Bank	3,690	—15
Winterthur	3,580	+10
Zurich Ins	19,650	+50

AUSTRALIA

Jan. 22	Price Aust $	+ or —
ANZ Group	4.78	—0.58
Alliance Oil Dev.	1.05	......
Ampol Pet	1.75	......
Ashton	0.75	—0.01
Aust Cons Ind.	1.96	......
Aust. Guarantee	2.7	......
Aust. Nat. Inds	2.6	+0.04
Aust. Paper	2.45	+0.03
Bell Group	4.75	......
Bell Res	4.4	—0.05
Bond Corp Hldgs	1.25	+0.04
Boral	3.2	......
Bougainville	1.88	+0.08
Brambles Inds	3.7	......
Bridge Oil	2.15	—0.08
B.H. Prop	5.12	—0.02
CRA	5.36	+0.06
CSR	2.72	—0.05
Carlton Utd	4.50	......
Castlemaine Tys.	4.38	+0.04
Coles (G.J.)	3.98	—0.02
Comalco "A"	2.3	+0.05
Consolidated Pet	0.49	......
Costain Aust	1.25	......
Dunlop Aust.	2.11	+0.05
Elders IXL	2.07xc	+0.04
Energ Res.	1.48	+0.05

AUSTRALIA (continued)

Jan. 22	Price Aust. $	+ or —
Gen Prop Trust	2.22	......
Hardie (James)	3.03	—0.01
Hartogen Energy	2.2	—0.02
Herald W'yTimes	4.05	+0.27
ICI Aust.	2.2	—0.02
Jimberlana F.P.	0.32	......
Kia Ora Gold	0.12	—0.01
Lend Lease	5.4	......
MIM	2.6	—0.07
Mayne Nickless	3.15	......
Myer Emporium	1.76	—0.02
Nat. Aust. Bank	3.72	+0.07
News	12.1	+0.1
Nicholas Kiwi	5.18	......
North Bkn Hill	2.23	+0.01
Oakbridge	0.65	—0.01
Pancont'l	1.0	—0.05
Pioneer Conc.	1.72	+0.02
Poseidon	2.9	......
Queensland Coal	1.19	—0.01
Reckitt & Coln.	3.1	......
Repco	1.17	+0.01
Santos	6.3	—0.06
Smith (Howard)	3.65	—0.05
Thos. Natwide.	1.88	......
Tooth	5.5	......
Vamgas	3.15	+0.1
Western Mining	3.02	—0.12
Westpac Bank	3.5xr	......
Woodside Petrol.	0.88	+0.03
Woolworths	3.0	+0.02
Wormald Intl	3.22	......

HONG KONG

Jan. 22	Price H.K.$	+ or —
Bank East Asia	24.8	+0.3
Cheung Kong	13.4	+0.3
China Light	14.4	+0.3
Evergo	1.45	+0.3
Hang Seng Bank	47.75	......
HK Electric	7.35	......
HK Kowloon Wh.	5.9	—0.2
HK Land	4.47	......
HK Shanghai Bk.	9.1	+0.05
HK Telephone	69.0	+1.0
Hutchison Wpa	19.0	......
Jardine Math.	10.2	—0.8
New World Dev.	5.7	......
Orient O'seas	2.75	+0.05
Oseas Trust Bk.	2.82	—0.02
SHK Props	9.7	+0.1
Shell Elect.	2.0	......
Swire Pac A.	24.9	—0.1
TV—B	5.7	......
Wheel'k Mard A.	4.35	+0.05
Wheel'k M'time	1.1	......
World Int. Hldgs.	1.99	—0.03

JAPAN

Jan. 22	Price Yen	+ or —
Ajinomoto	1,100	—10
Alps Electric	2,130	—30
Amada	1,180	—10
Asahi Chem	660	—1
Asahi Glass	910	......
Bridgestone	543	—2
Canon	1,430	+30
Casio Comp.	1,830	—20
Chugai Pharm.	1,050	—10
Citizen	687	—4
Daiei	630	......
Dai Nippon Ptg	966	—4
Daiwa House	663	+7
Ebara	345	—2
Eisai	1,540	—20
Fanuc	11,270	+210
Fuji Bank	1,470	—10
Fuji Film	1,780	—40
Fujisawa	1,030	—50
Fujitsu	1,380	+10
Green Cross	1,660	—10
Hasegawa	365	+2
Heiwa Real Est	630	—22
Hitachi	878	—1
Hitachi Credit	1,180	+30
Honda	1,350	......
House Food	710	......
Hoya	2,300	+70
Itoh (C)	358	—17
Ito. Yokado	2,560	—20
Iwatsu	1,450	......
JACCS	353	......
JAL	5,380	+20
Jusco	735	+4
Kajima	280	+3
Kao Soap	832	—17
Kashiyama	522	+1
Kirin	556	—2
Kokuyo	940	—5
Komatsu	462	—12
Konishiroku	675	—8
Kubota	328	......
Kumagai	524	—13
Kyoto Ceramic	7,100	+40
Maeda Const	475	—3
Muakino Milling	1,300	......
Myakita	1,090	—20
Marubeni	319	—7
Marudai	560	—10
Marui	1,050	......
MEI	1,590	—20
M'ta Elec Works.	650	—4
M'bishi Bank	1,380	—10
M'bishi	544	—1
M'bishi Elec.	406	—4
M'bishi Estate	584	—16

JAPAN (continued)

Jan. 22	Price Yen	+ or —
MHI	249	—3
Mitsui Co	340	—2
Mitsui Estate	675	—15
Mitsukoshi	388	—1
NGK Insulators	540	—5
Nihon Cement	320	—7
Nippon Denso	1,370	—10
Nippon Elect.	1,230	—20
Nippon Express	339	—2
Nippon Gakki	1,670	—60
Nippon Kokan	139	—1
Nippon Oil	865	—2
Nippon Seiko	690	—5
Nippon Shimpan	577	—3
Nippon Steel	151	—1
Nipppon Suisan	333	......
NTV	13,370	......
Nippon Yusen	247	—1
Nissan Motor	617	+5
Nisshin Flour	492	—8
Nisshin Steel	172	—2
Nomura	930	—15
Olympus	1,180	......
Orient Leasing	3,330	......
Pioneer	3,120	—150
Renown	650	+9
Ricoh	960	+10
Sankyo	1,000	+25
Sanyo Elect.	466	—5
Sapporo	401	—5
Sekisui Prefab	565	—3
Seven-Eleven	8,950	—50
Sharp	1,130	+20
Shimadzu	818	—22
Shionogi	682	—8
Shiseido	1,110	......
Sony	3,980	—20
Stanley	895	—23
S'tomo Bank	1,730	—10
S'tomo Elect	941	—2
S'tomo Marine	616	—6
S'tomo Metal	147	—2
Taihei Dengyo	481	—17
Taisei Corp	202	+1
Taisho Pharm.	1,080	—50
Takeda	793	—13
TDK	5,390	—20
Teijin	435	—3
Teikoku	655	+2
Tokyo Marine	739	—3
TBS	837	—13
Tokyo Elect Pwr	1,540	—80
Tokyo Gas	162	—4
Tokyo Sanyo	710	—10
Tokyo Style	750	—10
Tokyu Corp.	318	—5
Toppan Print	881	—8
Toray	450	—7
Toshiba Elect.	424	+2
TOTO	695	......
Toyo Seikan	645	—2
Toyota Motor	1,270	—20
Victor	2,180	......
Wacoal	730	—5
Yamaha	732	—13
Yamanouchi	2,700	—10
Yamazaki	670	—10
Yasuda Fire	371	—14
Yokogawa Bdge.	440	......

SINGAPORE

Jan. 22	Price $	+ or —
Boustead Hldgs.	1.6	—0.01
Cold Storage	2.48	—0.02
DBS	5.45xa	+0.1
Genting	4.92	—0.02
Haw Par. Bros.	1.9	......
Hong Leong Fin.	2.87	......
Inchcape Bhd.	2.47	+0.01
Keppel Shipyard	1.41	......
Malay Banking	6.35	—0.05
Malay Utd. Ind	2.25	—0.01
Multi Purpose	0.89	—0.03
OCBC	8.55	—0.05
OUB	3.58	+0.06
Public Bank	1.63	—0.01
Sime Darby	1.67	......
Singapore Press.	6.35	—0.1
Straits Trdg	4.26	+0.04
Tat Lee Bk.	2.71	......
UOB	4.22	+0.04

SOUTH AFRICA

Jan. 22	Price Rand	+ or —
Abercom	1.2	......
AE&CI	7.45	......
Anglo Am Coal	42.5	+0.05
Anglo Am Corp	24.75	—0.65
Anglo Am Gold	184	—4
Barclays Bank	15.1	+0.1
Barlow Rand	10.65	—0.2
Buffels	75.25	—1.75
CNA Gallo	2	......
Currie Finance	3.35	—0.15
De Beers	8.85	—0.05
Driefontein	54.75	+0.05
FS Geduld	51	—1.5
Gold Fields SA	29	—0.25
Highveld Steel	4.4	+0.02
Nedbank	10	—0.02
OK Bazaars	14	—0.25
Protea Hldns	1.4	+0.02
Rembrandt	31.5	—0.75
Rennies	12.6	—0.38
Rust Plat	17.3	—0.4
Sage Hldgs	6.2	—0.15
SA Brews	6.5	—0.05
Smith (CG)	21.5	......
Tongaat Hulett	6.5	—0.1
Unisec	4.65	......

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hhds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 40

CANADA

TORONTO

Closing prices January 22

Sales	Stock	High	Low	Close	Chng
1950	Abti Prce	$34	34	34	
12100	Agnico E	$13¼	13¼	13¼	— ⅛
400	Agra Ind A	$6½	6	6¼	+ ⅛
5044	Alt Energy	$20⅛	19½	20½	+ ¼
1600	Alta Nat	$15¼	15¼	15¼	+ ⅛
650	Camron A	$12½	12½	12½	+ ½
7330	Crownx	$17	16⅞	16⅞	— ⅛
14650	Czar Res	144	135	143	
98332	Daon Dev	299	297	297	+36
1500	Daon A	295	290	290	+30
28240	Denison A	$15⅞	15⅛	15⅛	+ ⅛
81755	Denison B f	$14½	13⅞	14⅛	+ ⅛
2100	Develcon	$9	8⅞	9	+ ½
3800	Dickinsn A f	455	440	440	—10
1000	Dickinsn B	460	460	460	+10
5606	Doman A	260	245	250	— 5
24345	Lac Mnrls	$28⅛	27¾	27¾	— ⅛
1550	LOnt Cem	$10⅞	10½	10⅞	+ ⅛
5200	Lacana	$10½	10½	10½	
660	LL Lac	$30	29½	29½	— ¼
1244	Loblaw Co	$19	19	19	+ ⅛
1000	MICC	240	240	240	—40
20131	Mclan H X	$24⅛	23⅞	24⅛	+ ⅛
16051	Merland E	475	465	475	+10
29564	Molson A f	$16⅛	16½	16½	+ ⅛
9204	Molson B	$15⅞	16	16	— ½
51316	Teck B f	$11⅛	11½	11⅝	+ ½
300	Teledyne	$10½	10½	10½	
15115	Tex Can	$35	35	35	— 1
13885	Thom N A	$52	51½	52	— ½
30558	Tor Dm Bk	$18⅝	18⅛	18⅛	— ⅛
9205	Torstar B f	$17½	17	17	
4758	Traders A f	$21	21	21	
630	Trns Mt	$7⅛	7½	7⅝	+ ⅛
20600	Trinity Res	$5½	5½	5¼	— ⅛

MONTREAL

Closing prices January 22

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 31

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK

Continued from Page 31

LONDON STOCK EXCHANGE

MARKET REPORT

Leading shares resume remarkable rise and index gains 20.6 more to 1,024.5

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Leading industrial shares resumed their remarkable advance in positive fashion yesterday. After Monday's period of consolidation, which featured a lull in recent institutional activity, buying interest revived strongly and the FT Ordinary share index soared 20.6 more for a rise over the past six sessions of 75 points to a best-ever 1,024.5. U.S. influences were primarily responsible for the latest upsurge.

Wall Street's sharp rise overnight, which tended to catch London by surprise, accompanied *renewed American support of* many current UK favourites. The emphasis was firmly on ICI but other recognised overseas earners were included and the *demand prodded the domestic* institutions into action. They directed funds towards a range *of blue chip issues and the response* was immediate.

Severe stock shortages accelerated the rise in values and a mid-morning respite only produced a fresh wave of buying. This continued throughout the afternoon and, with Wall Street extending its upturn early yesterday into the after-hours trade. Consequently most top-quality stocks closed at the session's highest.

Motivating demand for equities was the optimistic trend of longer-term UK indicators, which allayed fears of a slowdown his year in the economic recovery. Concerted Central Bank intervention against the dollar, which restored some confidence to sterling and other leading Continental currencies, was another help.

Soon after the pound's rally from an early low point, the authorities were bid for and sold the partly-paid long tap, **Exchequer 10½ per cent 2005**, at 40½. Its exhaustion was then announced. Late the previous evening the remaining index-linked **Treasury 2½ per cent 2001** ran out at 98¾. As a result, index-linked Gilts stormed further ahead yesterday and subsequently conventional stocks regained early falls of ¼, and sometimes more, to *close marginally* better on the day.

Hogg Robinson fall

Strongly supported of late on takeover hopes, Llyods Broker **Hogg Robinson** dropped 11 to 252p on late news that **Mills and Allen International** had sold its near-8 per cent stake in the company; a couple of weeks ago, Aitken Hume disposed of its 5.1 per cent interest in Hogg and the Kuwait Investment Office, with an 11.3 per cent interest, is the sole remaining substantial shareholders. Others in the sector moved forward on further consideration of their overseas earnings potential. **C. E. Heath** put on 8 to 626p as did **Stewart Wrightson**, to 588p. Buyers of Composite Insurances found stock in short supply and price gains were often exaggerated. **Royals** featured at 570p, up 22, while **General Accident**, 525p, and **GRE**, 670p, improved 10 and 14 respectively.

Clearing banks moved forward sharply in response to a revived demand which found the market none-too-well supplied with stock. **NatWest** were outstanding with a rise of 25 to 633p, while **Barclays** jumped 20 to 608p and **Lloyds** put on 15 to 543p. **Midland**, recently affected by the trading performance of its U.S. subsidiary, Crocker National Corporation, closed only 5 dearer at 353p. Speculation concerning Lloyds' 21.3 per cent stake continued to attract buyers to **Royal Bank of Scotland**, which closed 6 *higher at 254p*.

Breweries displayed moderate gains across the board with the exception of **Bass**, up 10 at 517p. **Distillers**, buoyant recently following bullish reviews from a clutch of brokers, met fresh buying and advanced 9 to a 1984-85 peak of 321p.

Comment in the Financial Times highlighting the potential for U.S. growth in aggregates gave an additional boost to leading Building Material issues and, with stock in short supply, quotations moved ahead strongly from the outset to close with double-figure gains. The spotlight, however, fell on **Blue Circle** which attracted persistent U.S. buying and moved up to 520p prior to closing a net 38 up at 518p. Buyers also came for **RMC**, up 14 at 392p, and **Tarmac**, the same amount dearer at 514p. **Rediand** gained 12 to 292p helped by a broker's recommendation, while **BPB Industries** advanced 10 to 270 and **Rugby Portland Cement** firmed 3 to 136p. Selected Contracting and Construction issues made progress, but on a more modest scale.

After opening higher at 806p in the wake of Wall Street's overnight surge, **ICI** encountered domestic profit-taking and slipped to 800p before surging forward again on U.S. buying to *close a net 36 higher at 822p*. Among other Chemicals, **Allied Colloids** attracted support on overseas earnings considerations and rose 11 to 256p, while **Laporte** gained 13 to 423p.

Stylo up on offer

Perennial takeover target **Stylo** returned to the limelight yesterday, rising 8 to 178p, after 180p following the partial tender offer from **British Land**, a penny dearer at 140p. Stylo chairman Mr Arnold Ziff has already rejected the offer at "derisory."

Leading Stores enjoyed revived institutional support, and although best gains were not maintained, rises still extended well into double-figures. **Gussies A** were particularly strong and attained a *new 1984-85 peak of* 734p before settling 27 up on balance at 730p. **Habitat Mothercare** advanced 12 to 386p, after 388p, while **British Home**, 264p, and **Debenhams**, 218p, improved 9 and 6 respectively. Elsewhere, **Dixons** *responded anew to the* recent half-timer with a gain of 19 at 568p; **Currys** closed 15 better at 620p. **Lincroft Kilgour** rose 4 to 148p following annual profits in line with the forecast made last autumn in the defence to the unwelcome offer from John Finlan. **W. H. Smith A** attracted persistent enquiry on continued hopes of takeover moves and hardened 2 more to 222p; the controlling B shares rose 3 to 44p.

Plessey improved initially to *212p*, but then ran *into selling* and dropped steadily to close the day 6 lower at 200p. Other Electrical leaders performed well with **Thorn EMI** notable for a rise of 10 to 460p. Awaiting today's interim results, **Racal** firmed 4 to 288p. **British Telecom** failed to hold an early new peak of 134½p, and finished unaltered at the overnight level of 132p.

Buying on consideration of the *company's Hong Kong interests* left **Cable and Wireless** 21 up at 539p. Elsewhere, **Acorn Computer**, recently sold in the wake of a broker's downgraded profits forecast, rallied to 48p ahead of the chairman's reassuring statement about the company's future before closing 6 better on balance at 49p. **Unitech** jumped 18 *to 303p on buying ahead of the* interim figures scheduled for February 5.

Leading Engineers followed the upturn. **Vickers** encountered a good demand and rose 5 to 234p, while **GKN**, 217p, and **Hawker**, 455p, gained 6 apiece. **TI**, however, eased 4 to 248p, following a Press suggestion that the much-rumouerd Heron Corporation stake in the company had been sold. Elsewhere, speculative demand lifted **Hall Engineering** 10 to 134p. **Habit Precision** firmed 2 *to 50p on the preliminary* figures, but **Hampson Industries** eased a penny to 22p after announcing interim results which failed to meet best expectations. **F. H. Lloyd** gained 1½ more to 45½p following news that Suter had acquired a 6.89 per cent stake *in the company*.

Foods were featured by **J. Sainsbury** which attracted strong U.S. support and rose 22 to 318p. **Associated Dairies** firmed 6 to 162p; the buy-out of Wades Departmental Stores by a consortium including some members of the existing Asda board has been completed in a deal worth approximately £19m. Elsewhere, **Rowntree Mackintosh** moved up 10 to 360p and **Tate and Lyle** gained the same amount to 500p.

Metal Box strong

Miscellaneous industrial leaders were highlighted by renewed strength in **Metal Box**, which closed 20 up at 412p, after 420p, following combined American and domestic demand amid *speculation* of a bid from GEC. Other international stocks were also well to the fore. **Beecham** put on 11 at 388p and **Glaxo** edged up ⅛ further to £12⅛, while **Reed International** advanced 14 further to 586p. Reflecting a revival in the Store sector, **Boots** improved 6 to 192p. **Pilkington** rose 10 to 305p on talk that the rump of the shares resulting from the rights issue had been sold at 300p. **BTR**, in contrast, became a subdued market and closed a few pence lower at 673p following NatWest's rejection of the Dunlop bid terms. Elsewhere, **British Aerospace** encountered a good demand and put on 17 to 377p. Overseas earnings potential directed fresh attention to **Christies International**, up 20 more at 506p, and **Cookson**, 10 higher at 520p. **United Packaging** responded to the increased interim dividend and profits with a rise of 8 at 95p, while comment on the half-year figures took **Evode** up 6 to 119p. **Fisons** rose 12 to 312p and **Siebe** 18 more to 533p, the latter in a restricted market.

The prospect of substantial *profits emanating from exports* to the U.S. stimulated further demand for **Jaguar** which, following yet another sizeable traded options business, rose 7 to 309p. Bid rumours continued to spur **Lucas**, 9 to the good at 273p, while **Dowty**, which announced the acquisition of Steebeck Systems, a data communications manufacturer, on Monday, improved 6 to 213p. **Dunlop** eased 1½ to 35p, after 33½p, following a further rejection of BTR's bid. Distributors featured **Lookers**, up 7 at 100p awaiting today's preliminary figures.

Asset value considerations again boosted **Associated Newspapers** which rose 60 to 720p: **Daily Mail "A"** closed ½ up at £11⅞. Bid hopes lifted **Fleet Holdings** 4 more *to 266p*. Advertising agencies went better under the lead of **Saatchi and Saatchi** which improved 25 to 940p following the acquisition of Kleid Company of New York. **Boase Massami Pollitt** closed 15 up at 695p. The proposed rights issue again failed to depress **Bunzl** which advanced 17 for a two-day gain of 57 at 500p.

Among Properties, **Greycoat City Offices** rose 8 to 200p following the successful bids for Churchbury Estates and Law Land. **County Properties**, up 5 more at 127p, continued to reflect the good results and proposals to buy back its own shares. **Espley Trust** attracted small buying following favourable Press comment and touched 25p prior to closing 2 dearer at 22p. *Elsewhere, dealings in* **Daon Development Corporation** resumed at 200p compared with the suspension price of 160p following the bid from Bell Canada. **Hongkong Land** were suspended at 52p, as were **Hutchinson Whampoa** at 218p and **Hongkong Electric** at 84p; Hongkong Land has agreed to sell its interest in Hongkong Electric to Hutchinson Whampoa for HK$2.9bn.

Scottish English and European Textiles rose 15 to 174p *following the increased interim* profits and dividend.

Investment Trusts mirrored buoyant equities. **Alliance Trust** advanced 13 to 620p, while **Atlantic Assets** hardened 5 more to 101p. **General Consolidated** rose 10 to 250p following the full-year figures and tentative winding-up proposals. **New Tokyo**, aided by overnight strength in Japanese markets, closed 9 up at 375p, after 378p, despite the proposed rights issue. Financials highlighted **Mercantile House** which improved 16 to 358p as the interim profits downturn proved to be less severe than expected.

Oils below best

The Oils sector made good progress at the *outset*, boosted by overnight American buying and widespread domestic demand. However, a gradual decline in crude oil spot prices, profit-taking and the absence of any follow-through support from the U.S. left the leaders well below the *day's best levels*.

Shell moved up to 713p before easing to close a net 10 higher at 710p, while **BP** settled a similar amount to the good at 505p, after 513p.

Jonrho, which on Monday scotched Press reports of the *imminent sale of "The Observer,"* advanced 9 for a two-day advance of 15 at 180p; the annual figures are expected Thursday week.

RTZ up again

The two main sectors of mining markets—South African Golds and Australians—were largely ignored as the UK domestic market once again held the limelight and it was left to the London-based Financials to provide the major features in the sector. **Rio Tinto-Zinc** continued their recent strong advance and advanced 10 more to 653p—a jump of almost 70 over the past five trading days. **Consolidated Gold Fields** shrugged off their recent poor performance and moved ahead to close 16 firmer at 503p.

Although Golds were virtually overlooked and moved narrowly —the Gold Mines index eased 0.7 to 463.0—the South African issues produced a firm feature in **Rustenburg Platinum** which improved 25 to 680p following the increased interim profits and dividend.

Minorco remained a buoyant market amid talk of imminent good results from its U.S. associate Phibro-Salomon and jumped a further 45 to 665p—a rise of 115 over the past three trading days.

Australians made further modest progress, boosted by the sharp overnight advance on Wall Street, but business contracted to minimal levels.

Activity in Traded Options increased and total contracts struck amounted to 16,144, comprising 12,195 calls and 3,949 puts. **British Telecom** attracted 1,354 calls and 997 puts. Another lively session is expected today which sees the expiry of the popular January series.

FINANCIAL TIMES STOCK INDICES

	Jan. 22	Jan. 21	Jan. 18	Jan. 17	Jan. 16	Jan. 15	year ago
Government Secs.	80.20	80.20	80.06	79.73	80.17	79.97	82.91
Fixed Interest	84.14	84.14	85.98	83.69	84.05	83.90	87.20
Ordinary	1024.5	1003.9	1004.4	987.2	981.5	961.8	824.9
Gold Mines	463.0	463.7	466.3	462.4	460.4	460.1	524.9
Ord. Div. Yield	4.22	4.32	4.33	4.38	4.41	4.50	4.36
Earnings, Yld.% (full)	10.56	10.80	10.83	11.04	11.11	11.35	9.16
P/E Ratio (net) (*)	11.38	11.11	11.09	10.88	10.81	10.58	13.36
Total bargains (Est.)	33,292	23,661	26,509	25,560	26,152	29,575	28,722
Equity turnover £m.	—	466.01	437.92	500.42	574.31	436.59	326.86
Equity bargains	—	30,831	25,279	25,122	23,849	23,964	22,609
Shares traded (ml)	—	249.7	244.9	260.7	268.3	218.2	182.2

10 am 1017.4 11 am 1013.9. Noon 1015.8. 1 pm 1021.6. 2 pm 1022.8. 3 pm 1022.3.

Basis 100 Govt. Secs. 15/1/28 Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-248 8026.

* Nil=11.01.

HIGHS AND LOWS

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.3 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (8/3/84)	445.3 (7/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 21	Jan. 18
Daily Gilt Edged Bargains	149.9	168.3
Equities Bargains	199.8	165.8
Value	941.9	885.1
5-day Average Gilt Edged Bargains	166.0	175.2
Equities Bargains	167.2	165.7
Value	976.4	996.3

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (429)

BRITISH FUNDS (1)
AMERICANS (48)
CANADIANS (8)
BANKS (3)
BREWERS (6)
BUILDINGS (7)
CHEMICALS (14)
STORES (18)
ELECTRICALS (16)
ENGINEERING (21)
FOODS (10)
HOTELS (5)
INDUSTRIALS (58)
INSURANCE (14)
LEISURE (2)
MOTORS (3)
NEWSPAPERS (7)
PAPER (8)
PROPERTY (5)
SHIPPING (1)
SHOES (1)
TEXTILES (3)
TRUSTS (152)
OILS (3)
OVERSEAS TRADERS (5)
PLANTATIONS (4)
MINES (3)

NEW LOWS (1)

MINES (1)
Marlevale

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Fleet Hldgs	24	262	+20
Glaxo	23	£12¾	+ ⅛
Whitworth's N	21	130	—
Bunzl	17	483	+40
Gestetner "A"	17	97	− 8
P. & O. Defd.	16	405	− 8
RTZ	15	643	+13
Burton	13	465	− 2
Cable & Wire	13	518	+ 1
BAT Inds	12	355	− 3
BPCC	12	197	− 4
Christies Int	12	486	+26
Dunlop	12	36½	+ ½
Jaguar	12	302	+ 5

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
£10	F.P.	—	13½	12	✤B'nnett&Fount'n 10p	13½	+½	bg0.42	1.8	4.4	16.3
‡160	F.P.	18/1	225	176	Candover Inv.	217	......	H1.4	—	0.9	—
‖‖	F.P.	—	102	88	GBC Capital	102	+2	Q8.4	—	1.4	—
‖‖	F.P.	—	27	21	Do. Warrants	27	+1	—	—	—	—
**	F.P.	1/2	25	21	Jap.AssetsTstWar'nts	23½	......				
§62	F.P.	1/2	67	54	Kingsley&Forester20p	57	......	bg3.94	1.9	7.6	8.7
§55	F.P.	6/2	57	53	✤Optometrics(U.S.A.)	55	......	Q2c	—	3.1	—
92	F.P.	24/1	95	88	ProcessSystems$0.025	92	+1	Q0.25c	2.2	0.2	—
§68	F.P.	—	95	82	✤Spafax Television	93	−1	b2.0	2.8	3.1	16.9
132	F.P.	11/1	223	156	Wardle Storeys 10p	223	+1	u6.0	2.7	3.2	15.6
§95	F.P.	—	138	125	✤Whitworth'sFood5p	138	−2	ud2.0	1.8	2.2	34.1
20	F.P.	21/1	23½	20½	Williams (Rex) Leis.5p	21	−½	u0.91	1.4	6.2	14.5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+ or −
91.574	£30	10/4	34¼	29¾	African Dev. Bank 11⅛% Ln. 2010	30⅛	−⅛
§100	F.P.	11/1	102½	100	Comm Bk of Wales 13½% SubUns Ln 95-97	101½	+½
‖	F.P.	22/2	127	108	F. & C. Eurotrust 5¼% Cnv. Ln. '96	127	+3
‖100	F.P.	22/2	118p	112p	Fil 7.7% Cnv. Cum. Red. Prf. £1	113p	......
£101	£51	15/2	54	50	Felixstowe Dock Prf. Units †	50½	+½
**	F.P.	1/3	98	91	Grovebell 7.5% Cnv. Red. Cum. Pref.	91	......
85.81	£30	19/6	30⅛	27½	Int.-Am. Dev. Bk. 9¾ Ln. 2015	28⅜	......
99.161	F.P.	17/1	104⅛	97¾	Intl. Bk. for Recon. & Dev. 11⅛% Ln. 2003	99¾	......
‖	F.P.	1/2	109	103	Jap. Assets Tst. 4½% Uns. Cnv. Ln. 1994	105	+1
‖	F.P.	1/2	152p	130p	Johnson Matthey 8% Cnv. Cum. Prf.	152p	+2
‖	F.P.	18/1	92	80	Lifecare Intl. 6¼% Cv. Cum. Red. Prf. 1999	88	+1
9.‡9199	£25	15/3	29⅞	24⅛	Lon. Shop Prop. 11⅛% 1st Mort. Deb. 2018	26	......
—	F.P.	—	100⅛	98⅜	Nationwide Bldg. Soc. 10⅝% 13/12/85	98⅝	......
**	F.P.	—	60p	58p	Simon Engn. 4% Cm. Rd. Prf. '84-96	58p	......
**	F.P.	—	64p	63p	Do. 6.4% Cm. Rd. Prf.	64p	......
**	F.P.	—	76p	76p	Do. 6.35% Cm. Rd. Prf. '91-96	76p	......
**	F.P.	—	88p	86p	Do. 7.75% Cm. Pd. Prf. '92-97	88p	......
1,976	£20	27/3	24⅞	18⅞	Sweden 11% Ln. 2012	21⅛	......
**	F.P.	—	122p	112p	✤Tech. for Bus. 7% Cum. Cv. Rd. Pf.	118p	......
**	F.P.	8/1	161	125	Tomkins (F. H.) 9¼% Cnv. Ln. '94	161	+1

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or −
64	F.P.	8/3	73	69	Bairstow Eves 5p	73	+1
60	F.P.	15/2	122	105	Burgess Prods	112	......
485	F.P.	8/3	665	620	Carlton Comms	665	+5
85	F.P.	4/3	123	99	Carr's Milling	123	+2
60	F.P.	13/2	72	55	Dura Mill 2½p	70	......
80	F.P.	1/2	120	93	LCP Hldgs	116	+3
Ir.18	Nil	—	1pm	½pm	✤Memory Computer 10p	½pm	......
24	F.P.	15/2	26	24½	✤Morris (W.) Fine Arts 20p	24½	......
255	F.P.	8/3	310	285	Pilkington Bros. £1	297	+7
38	Nil	—	8½pm	8pm	Premier Cons. 5p	8½pm	+½
32	F.P.	—	35	32	✤Steaua Romana R.V.	32	......
17	Nil	—	5½pm	5pm	Walker (C. & W.) 15p	6½pm	......
250cts.	Nil	—	70pm	60pm	Westpac $A1	70pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully-paid. ‖‖ Introduction. ✤ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 21	Feb 1	April 25	May 7
Feb 4	Feb 15	May 9	May 20
Feb 18	March 1	May 30	June 10

For rate indications see end of

Active conditions continued in Options with calls arranged in **Combined Technologies, Mnemos, Selincourt, Norfolk Capital, Osceola, Barratt Developments, Chinese 5 per cent Boxer, British Telecom, Rockware, Camford Engineering, Suter, Intervision, Jardine Matheson, Armour Trust, UKO, Jones and Shipman, Falcon Resources, Cifer, Bio-Isolates, North Kalgurli, Riley Leisure, Charter Consolidated, Polly Peck, Acorn Computer, MIM Holdings, Metals Exploration, Premier Oil, Mid East Minerals, Allstate, Warrior Resources, Business Computers Systems, Bristol Oil and Minerals, Britannia Arrow, Ultramar, David Dixon, Dunlop, Klark-Teknik, Chloride, Stakis** and **Barker and Dobson**. Puts were done *in* **General Accident** and **Dunlop**, while doubles were transacted in **Falcon Resources, Prudential, RHM, Dunlop, Combined Technologies and Berkeley and Hay Hill**.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Acorn Computer	49	+ 6
Blue Circle	518	+38
Cable & Wireless	539	+29
Commercial Union	203	+ 3
GKN	217	+ 6
Hanson Trust	347	+ 1
ICI	822	+36
Plessey	200	− 6
Reed International	586	+14
Stewart Wrightson	588	+ 8
Stylo	178	+ 8
Tarmac	514	+14

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	58	11	36
Corpns. Dom and Foreign Bonds	18	3	53
Industrials	519	158	769
Financial and Props.	280	36	228
Oils	41	11	72
Plantations	8	1	8
Mines	50	17	111
Others	123	18	66
Totals	1,097	255	1,343

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Jan 22 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon Jan 21 Index No.	Fri Jan 18 Index No.	Thurs Jan 17 Index No.	Wed Jan 16 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	577.15	+1.1	9.22	3.76	13.57	570.65	571.61	559.89	558.56	491.29
2	Building Materials (23)	515.62	+3.5	12.44	4.82	9.95	498.17	497.85	497.08	492.67	478.21
3	Contracting, Construction (30)	755.07	+1.1	12.81	5.22	10.80	746.68	749.68	744.77	730.61	721.84
4	Electricals (15)	1701.64	+0.4	9.53	4.39	13.26	1695.65	1699.27	1696.86	1678.71	1741.95
5	Electronics (36)	1927.75	+0.6	7.64	2.52	16.90	1916.83	1931.76	1897.60	1925.31	1692.73
6	Mechanical Engineering (60)	298.10	+1.4	11.25	4.88	10.61	293.91	290.93	288.13	284.67	234.40
8	Metals and Metal Forming (8)	181.46	+1.0	12.46	7.15	9.90	179.73	179.29	178.38	173.24	196.39
9	Motors (18)	162.98	+1.5	10.79	4.64	—	160.52	158.21	155.35	152.13	132.48
10	*Other Industrial Materials (17)*	921.67	+0.2	5.48	3.14	22.78	919.52	925.26	862.33	854.14	631.27
21	CONSUMER GROUP (179)	652.30	+2.3	8.89	3.65	13.59	637.58	636.78	631.22	626.44	486.76
22	Brewers and Distillers (23)	593.54	+2.2	11.41	4.51	10.78	580.95	580.44	577.72	574.46	468.10
25	Food Manufacturing (20)	506.98	+1.5	11.58	4.57	10.80	499.31	500.81	496.05	495.24	394.56
26	Food Retailing (12)	1502.07	+4.0	6.37	2.35	20.91	1444.02	1463.21	1458.23	1434.88	1104.42
27	*Health and Household Products (9)*	1088.57	+2.8	5.23	2.44	22.43	1058.58	1045.39	1035.20	1025.25	753.93
29	Leisure (23)	719.49	+1.0	7.75	4.54	16.66	712.61	712.79	706.74	696.81	650.78
32	Newspapers, Publishing (11)	1688.79	+1.9	6.83	4.36	18.95	1657.84	1637.22	1597.20	1563.95	1285.32
33	Packaging and Paper (14)	317.47	+2.4	11.65	4.61	9.99	310.17	301.32	300.83	298.31	240.48
34	Stores (45)	571.63	+2.5	7.08	3.25	17.11	557.66	556.58	549.63	545.76	435.92
35	Textiles (19)	324.99	+0.5	12.26	4.90	9.39	323.25	321.16	321.71	323.09	269.45
36	Tobaccos (3)	959.34	+2.2	13.07	4.80	8.53	939.14	946.79	936.88	932.44	560.22
41	OTHER GROUPS (97)	683.21	+1.3	8.66	3.82	14.67	674.47	673.27	664.30	654.72	438.63
42	Chemicals (17)	805.04	+3.6	11.16	4.86	11.44	777.23	775.38	770.48	761.23	635.69
44	Office Equipment (4)	175.23	+1.3	6.45	4.39	17.59	173.06	174.01	167.53	163.83	126.26
45	Shipping and Transport (13)	1110.36	+0.3	7.79	4.39	16.41	1106.78	1106.81	1092.07	1083.41	851.17
46	Miscellaneous (61)	862.01	+0.7	7.55	3.22	16.09	856.21	852.32	838.05	830.11	564.11
48	Telephone Networks (2)	809.51	+0.6	8.27	3.98	15.78	804.46	804.22	793.40	778.16	0.0
49	INDUSTRIAL GROUP (483)	650.93	+1.7	8.92	3.72	13.85	639.26	638.88	630.51	625.49	486.18
51	Oils (17)	1126.16	+1.6	15.49	6.67	7.99	1107.99	1098.40	1080.78	1082.98	1021.28
59	500 SHARE INDEX (500)	690.38	+1.7	9.78	4.11	12.64	678.72	676.95	668.45	664.00	530.99
61	FINANCIAL GROUP (117)	449.73	+1.6	—	4.91	—	442.83	442.71	440.81	439.82	388.96
62	Banks (6)	452.86	+3.1	18.82	6.23	6.73	439.40	439.46	433.71	431.65	413.71
65	Insurance (Life) (9)	605.98	+0.9	—	4.47	—	600.42	600.41	596.65	590.60	542.30
66	Insurance (Composite) (7)	322.26	+2.3	—	5.79	—	314.92	314.29	316.52	319.13	258.81
67	Insurance (Brokers) (6)	1110.82	+0.8	6.93	3.12	20.01	1102.26	1118.82	1083.30	1077.79	663.48
68	Merchant Banks (12)	246.11	−0.3	—	4.35	—	246.81	247.00	248.03	248.76	249.26
69	Property (52)	632.66	+0.6	5.39	3.54	24.74	629.85	630.42	630.45	632.68	542.59
70	Other Financial (25)	290.95	+1.4	9.18	5.33	13.25	286.82	283.69	283.77	278.97	271.21
71	Investment Trusts (105)	607.73	+2.1	—	3.20	—	595.47	591.47	591.86	586.54	508.37
81	Mining Finance (4)	296.09	+2.1	9.97	5.12	12.71	290.04	285.35	281.97	277.00	301.19
91	Overseas Traders (14)	687.15	+2.3	8.53	5.65	14.34	671.59	665.62	655.11	647.42	544.15
99	ALL-SHARE INDEX (740)	627.28	+1.7	—	4.21	—	616.65	614.96	608.39	604.53	496.66

		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1305.7	+26.7	1306.4	1292.1	—	1279.0	1277.9	1260.4	1254.1	

FIXED INTEREST

	PRICE INDICES	Tues Jan 22	Day's change %	Mon Jan 21	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.53	+0.08	116.44	—	1.02
2	5-15 years	126.76	+0.08	126.66	—	0.76
3	Over 15 years	133.19	+0.07	133.10	—	0.00
4	Irredeemables	145.08	−0.16	145.31	—	0.00
5	All stocks	125.92	+0.08	125.82	—	0.76
6	Debentures & Loans	106.84	−0.09	106.95	—	0.15
7	Preference	77.17	+0.17	77.04	—	0.30

	AVERAGE GROSS REDEMPTION YIELDS		Tues Jan 22	Mon Jan 21	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.97	10.99	9.67
2		15 years	10.81	10.82	10.08
3		25 years	10.38	10.37	9.72
4	Medium Coupons	5 years	11.59	11.62	11.03
5		15 years	11.23	11.23	10.69
6		25 years	10.66	10.65	10.07
7	High Coupons	5 years	11.72	11.72	11.19
8		15 years	11.39	11.40	10.85
9		25 years	10.71	10.72	10.17
10	Irredeemables †		10.18	10.16	9.72
11	Debs & Loans	5 years	12.09	12.09	11.53
12		15 years	12.02	12.01	11.53
13		25 years	11.94	11.93	11.53
14	Preference †		12.81	12.83	12.26

BRITISH GOVERNMENT INDEX-LINKED STOCKS

		Tues Jan 22	Day's change %	Mon Jan 21	xd adj. today	xd adj. 1985 to date
8	All stocks	108.64	+0.75	107.83	—	0.18

	Inflation rate		Tues Jan 22	Mon Jan 21	Year ago
15		5%	3.40	3.45	3.20
16		10%	3.20	3.25	3.02

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$300	—	—	10	20	—	—	$306.90
GOLD C	$320	—	—	—	—	1	18	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 37,773.

A Ask B Bid C Call P Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*510)	390	125	128	—	1	1½	—
	420	95	47	—	1	3	—
	460	53	60	68	1	8	15
	500	13	35	42	5	23	30
	550	1	14	—	43	60	—
[illegible]							

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Imperial Gp. (*205)	160	48	49	53	1½	3	4
	180	28	31	35	2	5	8
	200	13	22	26	7	13	16
LASMO (*360)	300	65	73	83	3	7	12
	330	40	53	63	7	15	20
[illegible]							

Jan. 22. Total contracts, 16,144. Calls 12,195. Puts 3,949

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
105¾	100⅛	Treas. 15pc 1985	100⅛xd		14.97	12.57
102¼	99⅞	Exch 12pc Cnv. '85	99⅞		12.01	12.20
97¼	93⅛	Treas 3pc 1985	97½		3.08	10.99
102⅝	99½	Treas 11½pc 1985	100⅛		11.49	11.29
99¼	96⅞	Treas 8¾pcCnv '85	98½	−⅛	8.89	11.28
104⅛	99⅞	Exch 12¼pc 1985	100⅛		12.18	11.43

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل الأصل

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Maynards Group	48		2.5	3.2	7.4	4.7
64	28	Mariner Hldgs 10p	48		—	—	—	—
270	157	Man. Ship Can. £1	260	+1	5.5	3.5	3.0	13.4
104	65	Marley	103		†3.2	2.5	4.4	11.6
61	40	Marling Ind. 10p	54		hd3.0	5.6	3.4	6.3
46	29	Marshall L'sy. 'A'	40	+2	†1.2	3.6	4.3	(7.1)
68	37	Marshall's Universal	68	+1	H1.75	—	3.7	20.4
89	77	Do. 7½pcCnRedPf £1	83		7½%	—	12.9	—
30	20	Martin-Black	22		—	—	—	—
£108	£83	Mathesons 7¼%	£85		Q7¼%	2.3	9.2	—
418	287	Metal Box £1	412	+20	†15.0	3.2	5.2	6.6
220	129	Metal Closures	160	+2	6.3	2.3	5.6	(8.9)
27	12	Metal Sciences 2½p	13		—	—	—	—
133	83	Midland Marts	90		4.0	1.8	6.3	11.4
84½	45	Mitchell Cotts	84½	+1	4.0	1.5	6.8	12.0
196	132	Morgan Crucible	196		†7.5	1.2	5.5	(19.8)
36	24	Morris (W) F.A. 20p	25		bq0.5	4.0	2.9	23.8
110	80	Moss (Robt.) 10p	104	+1	†2.5	2.3	3.4	15.0
330	197	MMW Computers	285	−3	6.0	3.0	3.0	15.9
65	38	Nash Inds.	40xd		2.5	♦	8.9	♦
47	30	Neil & Spencer 10p	46		—	—	—	19.8
33	13	Newman Industries	17		—	—	—	(9.6)
31	16½	Do. 10pc Cn.Cm.Pf.	20½		10%	—	7.0	—
67	39	Nolton	58		q1.1	4.5	3.1	8.4
183	132	Norcros	141	+4	†7.5	2.4	5.9	9.5
86	55	Nu-Swift 5p	64		†2.4	3.2	5.4	8.3
100	58	Oakwood Grp.	95	+5	4.5	♦	7.1	♦
190	135	Office & Elect	153		7.5	4.2	7.0	7.0
108	92	Oldacre 20p	105		u4.0	2.6	5.4	9.3
875	650	Orifiame Int'l SA	650		†Q53c	2.2	6.8	6.7
46	15	Overstone 12½c	15		‡Q4.5c	2.2	‡	3.5
£168	£120	Ozalid 9pc Cnv 87-92	£168		Q9%	—	5.4	—
190	110	PCT Grp 10p	110		q4.8	2.9	6.1	6.7
£12½	975	PLM 'B' Sk 25	£10⅞	−¼	Q20%	3.2	4.8	6.5
193	149	PSM Intl.	193	+1	bg5.25	2.6	3.9	14.1
62	40	Pacific Sales 10p	60		b2.4	2.2	5.7	(9.1)
207	148	Parker Knoll 'A'	167		9.0	2.8	7.7	6.6
265	197	Pauls	245		8.5	2.5	5.0	10.8

INSURANCES

LEISURE

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or −
288	182	LWT "A"	267	
75	42	Leisuretime Int 10p	62	
		For MME Facilities see Capital TV F[acilities]		
160	98	Mogen. Ag. M. 10p	148xd	
179	118	Media Tech Inq 20p	158	−4
137	76	Medminster 10p	129	
220	138	Miss World 10p	195	+10
26	15	Nationwide Leis	24½	
46	9	Nimslo Int 20c	25	
31½	14½	Owners Abroad	23	−¼
66	33	Phoenix (Leis.)	42	
29½	20	P'dilly Radio NV 5p	24	+½
130	57	Pineapple Dnc St 10p	75	
420	285	Pleasurama 5p	408	+10
17½	10¼	Pres Entertain 10p	17	
158	60	Radio City 'A' NV	60	
70	50	Radio Clyde N/V	53	
148	30	Riley Leisure 10p	50	−1
165	94	Saga Hols. 20p	165	
755	145	Samuelson Grp £1	750	
32	18	Sangers Photo 10p	29	
150	138	Scanro 50p	148	+3
190	98	Scott. TV 'A' 10p	150	
413	186	SeaCo Inc $0.125	389	+33
35	10	SelecTV 10p	14	
145	122	Spectrum 5p	127	
37	24	TSW 5p	31	
157	79	TVS N/Vtg 10p	156	+1
217	102½	Television Svcs 50p	218	
90	60	Tottenham Hotspur	77	
241	120	Trid'nt TV 'A' 10p	240	
173	100	21st Century Dist	122	
197	135	Tyne Tees TV 'A' £1	162	
101	53½	Ulster TV N/V 'A'	86	
28	17	Webb (Jos.) 5p	25	
100	88	Zetters 5p	100	+3

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

MINES—Continued

Diamond and Platinum

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
£73	£37	Anglo-Am Inv.50c	£37		Q590c	1.0	6.6
616	340	De Beers Df. 5c	347	+5	Q40c	3.6	4.4
925	650	Do. 40pc Pf. R5	650xd		Q200c	‡	12.8
£11¼	856	Impala Plat. 20c	930	+15	Q135c	1.7	5.6
715	410	Lydenburg 12½c	470	+15	Q50c	♦	4.6
880	620	Rus. Plat. 10c	680	+25	†Q60c	1.8	3.4

Central African

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
280	145	Falcon Z50c	170	+10	Q100c	2.7	34.3
17	8	Wankie Col. Z$1	13½		—	—	—
21	13	Zam.Cpr.SBD0.24	13½		—	—	—

Australians

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
41	17	ACM 50c	35		—	—	—
38	17	Allstate Expl'n. NL	22		—	—	—
10½	3	Asia Oil & Minerals	3¼		—	—	—
20	12	Aust. Hydrocarbons NL	16	−1	♦	—	—
28	10½	Australis Mng N.L.	11½	−½	—	—	—
45	15	Balmoral Res.	18		—	—	—
36	17	Black Hill Mins	22	+1½	—	—	—
90	51½	Bond Corp	90	+3	bQ6.670	♦	5.4
177	90	Bougainville 1 Kina	136	+6	‡Q16.4c	1.2	‡
406	276	CRA $2	390	+6	†Q12c	1.5	2.2
86	44	Carr Boyd 20c	62	+1	—	—	—
40	18	Central Kalgoorlie	20		—	—	—
43	20	Central Pacific	27		—	—	—
4¼	2½	Cons. Gld Mg Areas NL	3		♦	—	—
8½	4¼	Coopers Res. NL	5½		—	—	—
26	7¼	Cultus Pac NL	8¼	+¼	—	—	—
14½	5½	Eagle Corp 10c	6		—	—	—
280	138	Emperor Mines	168	+3	—	—	—
14	8	Endi Hill Gold N.L.	9		—	—	—
16½	7½	Endeavour 20c	9		—	—	—
32	22	Enterprise Gld	24	+½	—	—	—
35	18	Forsayth Oil Gas	23		—	—	—
62	47	Gem Exp & Minerals	47		—	—	—
765	355	GM Kalgoorlie 25c	385	+10	Q30c	1.1	5.4
24½	13	Great Eastern Mns.	16		—	—	—
55	19	Great Victoria Gold	32	+1	—	—	—
18	5½	HMC Aust NL 20c	6		—	—	—
22	8½	Haoma NW	10½		—	—	—
40	20	Hill Minerals N.L.	26		—	—	—

Tins

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
175	70	Colby Res Corp.	70		—	—	—
958	500	Cons. Murch. 10c	500xd		†Q100c	1.4	8.3
37	25	Ennex Int. Ir10p	37	+2	—	—	—
252	150	Hampton Areas 10p	177	+7	3.75	2.1	2.8
225	140	Highwood Res.	170		—	—	—
£24½	£16	Homestake Mining $1	£19⅞	+⅛	Q20c	—	0.9
295	135	McFinley Red Lake	200	+5	—	—	—
240	101	Musto Explorations	230	+15	—	—	—
55	23	New Sabina Res C$1	30		—	—	—
365	220	Northgate C$1	295	+20	—	—	—
718	500	RTZ	653	+10	†18.0	2.7	3.9
£155½	£113½	Do. 9½pcLn '95-2000	£141½	+1½	Q9½%	35.4	—
£11¼	850	Tara Explo $1	£11	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✝ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	88		Arnott	145	
Craig & Rose £1	£11½		CPI Hldgs	54	
Finlay Pkg. 5p	46		Carrol Inds.	97	
Higsons Brew	112	+2	Dublin Gas	65	
Holt (Jos) 25p	850		Hall (R. & H.)	44	−1
IoM Stm. £1	125		Heiton Hldgs.	15½	+½
IRISH			Irish Ropes	32	
Exch. 12% 1985	£99		Jacob (W & R.)	60	−2
Nat. 9¾% 84/89	£84		TMG	72	
Fin. 13% 97/02	£89⅞		Unidare	78	

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	15	Hanson Tst.	22	Vickers	18
BAT	30	Hawker Sidd	38		
BOC Grp.	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	50	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	18
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	38	Ladbroke	20	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds.	24		
Brit. Telecom	7½	Marks & Spcr	10	**Oils**	
Brown (J.)	3	Midland Bk	33	Brit. Oil & Min	4½
Burton Ord	32	NEI	9	Brit Petroleum	38
Cadburys	14	Nat West Bk	54	Burmah Oil	19
Comm Union	15	P & O Dfd	24	Charterhall	6
Courtaulds	11	Plessey	20	Premier	6
Debenhams	19	Polly Peck	25	Shell	55
Distillers	24	Racal Elect	24	Tricentrol	22
Dunlop	5	RHM	10	Ultramar	22
FNFC	7	Rank Org Ord	24		
Gen Accident	42	Reed Intnl	50	**Mines**	
Gen Electric	28	Sears	7	Charter Cons	21
Glaxo	90	TI	18	Cons Gold	42
Grand Met	26	Tesco	8	Lonrho	14
GUS 'A'	55	Thorn EMI	42	Rio T Zinc	60
Guardian	58	Trust Houses	12		
GKN	16	Turner Newall	9		
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

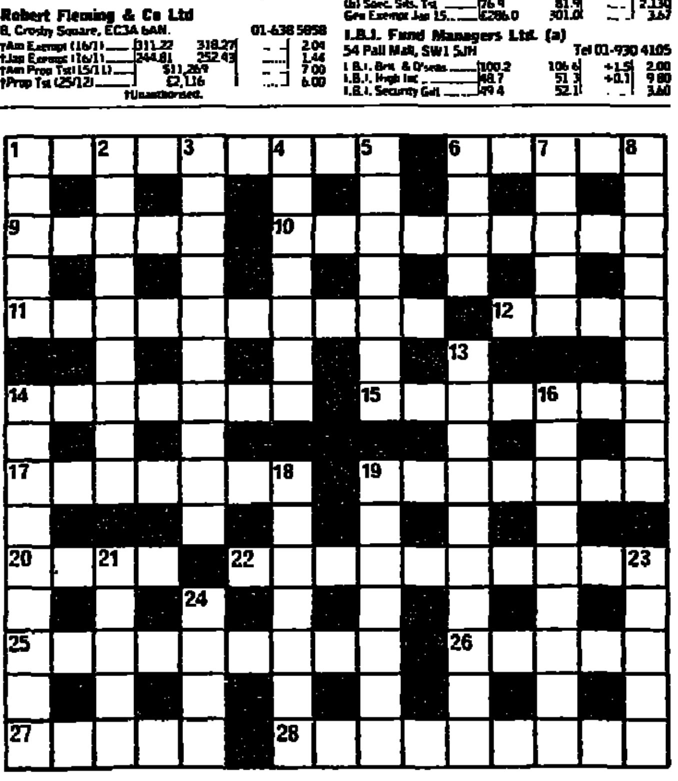
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,625



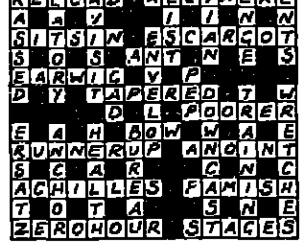
ACROSS

1 Steal sign? (In bad taste) (9)
6 Cancel the makeshift eleven (5)
9 Damaged purse is ripping (5)
10 Yearn for mischief-maker to return, durable (4-5)
11 *Could produce agony*—doctor in so leading a company (10)
12 Cain disturbed as member of early family (4)
14 Children's stories contain them, that is in bazaars (7)
15 Sauce for 9? (7)
17 Brilliant writer to go in, *without hesitation* (7)
19 Muddled clerk almost, tho' offers low laugh (7)
20 Detect headings of every special paper yourself (4)
22 Commanding, able to make a mark? (10)
25 Thoroughly caught and bowled! (3-3-3)
26 Led back from state to be cognisant (5)
27 Drunk, toped — to HQ! (5)
28 Big head has it (9)

DOWN

1 Assume river to remain inactive (5)
2 Men put in Uranium, alternatively another element (9)
3 Tough eggs could be (4-6)
4 Scene changed round middle of play causes tangle (7)
5 Most cordial sort set out (7)
6 Soil ploughed for farm store (4)
7 Bird? Eat greedily (5)
8 Old sheet with wind leaving one to become untidy? (9)
13 Part of theatre used as cover-up? (5, 5)
14 Lie with unreal headgear on (9)
16 It's complex yet I canter it somehow (9)
18 *Silly purr-son?* (7)
19 He's first in the gallery (7)
21 Supply craftily pre-arranged (3-2)
23 Favourite is sometimes offered at it (5)
24 One piece of ammunition (4)

SOLUTION TO PUZZLE No. 5,625



هكذا أصل الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	26.1	27.5	----	—
Blue Chip	22.6	23.8	----	—
Fixed Yield	19.6	20.7	----	—
Guaranteed Mny	15.9	16.8	----	—
Managed	20.7	21.8	----	—
International	28.4	29.9	----	—
Property	17.1	18.1	----	—
Pacific	22.5	23.7	----	—
Equity	16.3	17.2	----	—
Special Sits	24.7	26.1	----	—
Int Currency	14.0	14.8	----	—
Index Linked Secs	10.9	11.5	----	—
American	21.9	23.1	----	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.30	15.02	----	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth Jan 6	£305.916		----	—
Multi Gwth "A" Jan 6	276.2	290.8	----	—
Op 8 Prop Jan 10	262.2	276.0	----	—
Op 8 Equity Jan 21	369.8	389.3	----	—
Op Hy Jan 17	265.6	279.6	----	—
Op 8 Man Jan 17	343.0	361.1	----	—
Op 8 Dep Jan 22	200.9	211.5	----	11.74
Op 8 Bond Jan 17	187.6	197.5	----	—
Op 8 Inc Dist Jan 17	143.7	151.3	----	8.040
Op 8 Int Man Jan 17	211.1	222.3	----	—
Op 8 US$ Jan 17	167.1	175.9	----	12.32
Pens B Pr Ac Jan 15	344.1	362.3	----	—
Pens B Eq Ac Jan 15	1028.4	1082.6	----	—
Pens B FI Ac Jan 15	384.5	403.7	----	—
Pens B Mid Acc Jan 15	602.0	634.8	----	—
Pens B Dp Acc Jan 15	320.6	337.5	----	—
PensB&Gart Gbtlc Jan 15	112.9	118.9	----	—
Pens B Gart NA Jan 15	103.6	109.1	----	—
PensB&Cart IP Jan 15	122.5	129.3	----	—

For Pension Capital Units please ring extension 319.

Britannia Funds—Series A

Am Smlr Co's	151.4	158.4	−0.5	—
Am Spec Sits	158.0	166.4	−0.2	—
Commodity	81.9	86.3	+0.3	—
Extra Inc	118.7	125.0	+4.8	—

National Provident Institution
48, Gracechurch St, EC3P 3HH 01-623 4200

Managed	200.5	211.1	+0.9	—
UK Equity	232.8	245.1	+1.8	—
Overseas Eq.	204.7	215.5	+1.5	—
American	206.1	217.0	+3.3	—
Far East	183.4	193.1	−0.1	—
Property	112.3	118.3	----	—
Fixed Int.	159.6	168.0	+0.1	—
Indexed Gilt	105.7	111.3	+1.6	—
Deposit	114.0	120.0	----	—

Pension Fund Prices

Man. Initial	201.7	212.4	+1.0	—
Man Acc.	224.6	236.5	+1.2	—
UK Eq. Initial	219.1	230.67	+1.0	—
UK Eq.	240.6	253.3	+1.1	—
Overseas Eq. Initial	226.7	238.7	+2.7	—
Overseas Eq.	261.1	274.9	+3.1	—
American Initial	233.4	245.7	+5.0	—
American	257.4	271.0	+5.5	—
Far East Initial	235.6	248.0	−0.2	—
Far East	260.5	274.3	−0.2	—
Prop. Initial	108.2	113.9	----	—
Prop.	119.3	125.6	----	—
Fixed Int. Initial	142.6	150.2	−0.1	—
Fixed Int.	156.7	165.0	−0.1	—
Indexed Gilt Initial	99.0	104.3	+1.5	—
Indexed Gilt	109.3	115.1	+1.7	—
Deposit Initial	112.6	118.6	----	—
Deposit	124.8	131.4	----	—

NPI Pensions Management Ltd.

Managed Fund	536.4	550.2	----	—

Prices Jan 2. Next dealing February 1

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	369.3	380.7		—
UK Equity	171.3	180.3	+1.4	—
American	260.5	274.2	−0.3	—
Pacific	390.3	410.8	+0.7	—
Property	153.1	161.1		—
Gilt	177.2	186.6	+0.1	—
High Inc. Equity	160.7	169.2	+1.2	—
High Inc. Fxd. Int.	101.2	106.5	+0.2	—
Deposit	150.0	157.9	+0.1	—
Index-Linked Gilt	102.5	107.9	+0.2	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

OFFSHORE AND OVERSEAS

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.65	----	+0.08	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.7	13.2	----	3.10
Chinese Fund	58.8	61.2	----	1.70
Precious Metal Fund	71.4	74.3	----	8.30
Vanguard Cmdy. Fd.	20.1	20.9	----	0.00
Financial Futures Fd.	32.5	33.8	----	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$9.02	----	+0.01	—

Money Market Trust Funds

	Nom	Apr	Int. Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.44	11.81	6-mth	Call
7-day Fnd	10.84	11.16	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.52	11.85	6-mth	Call
7-day Fund	9.98	10.22	6-mth	7-day
Money Mngt. Acct.	11.25	11.73	3-mth	Call
Dollar	7.00	7.21	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	11.25	11.79	Qtr	Call
Aith. Int. Chq.	11.00	11.57	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	11.25	11.85	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.00	11.46	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	11.25	11.85	Mth	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.25	11.849	Mth	Call
U.S. Dollar	8.00	8.300	Mth	Call
German Marks	5.0	5.116	Mth	Call
Swiss francs	2.0	2.018	Mth	Call
Japanese Yen	5.0	5.116	Mth	Call

COMMODITIES AND AGRICULTURE

Orange growers despair as freeze continues

BY NANCY DUNNE IN WASHINGTON

THE WORST freeze of this century continued to devastate Florida's orange groves yesterday as many demoralised citrus growers abandoned hope that their crops could be salvaged. Mr Bob Graham, the state governor, declared a state of emergency.

It is the fourth Florida freeze in the last five years and caught growers still reeling from the damaging effects of the 1983 Christmas freeze and last summer's citrus canker epidemic.

Temperatures dipped to as low as −13 deg C on Monday and Tuesday night, turning oranges into balls of ice and damaging trees. Forecasters warned that the freezing weather could continue until the end of the week.

For the second day in a row, orange juice futures in New York were up by the 5 cents a lb permissible daily limit at the close yesterday to $1.74 a lb for March delivery.

Officials at Florida Citrus Mutual, a growers association, said yesterday that fruit damage had been suffered through almost the whole of the citrus belt.

One said: "On balance it's much worse than the Christmas freeze of 1983. The temperatures are slightly colder in some areas, and this time it has engulfed the entire citrus belt."

The 1983 frost, previously the worst known, was limited to 11 counties.

On Tuesday night temperatures were well under the damaging level of −2 deg. C for eight to 10 hours. Four hours at or below this temperature freezes the fruit and the trees.

Florida farmers had hoped for a mild winter so that their trees could recover from the freezes of the last two years. Many are now said to be talking of getting out of the business. One grove caretaker reported that growers were cancelling orders to re-plant groves ravaged by last year's freeze.

Florida officials estimate that about 82 per cent of Florida's citrus crop is still unpicked. The frozen fruit which is ripe can be salvaged for juice processing, however, and many growers have raced to get frozen fruit to factories before warm weather returns to rot it.

Louisiana growers are also hard hit by the record cold that has swept the eastern U.S. In Plaquemines Parish, citrus growers fear they may lose 15,000 to 20,000 trees.

The frost damage to U.S. citrus crops seems likely to benefit Brazil's orange juice industry, Reuters Reports. Brazil is the world's largest orange juice exporter.

Mr Hans Georg Krauss, president of the Brazilian Citrus Juice Industry Association, said in a telephone interview: "Before the frost we were worried that the U.S. would produce large volumes of orange juice and we would be stuck with an unmarketable 1985-86 surplus. Now those fears have been eliminated."

He said the Brazilian industry was expected to produce about 720,000 tonnes of orange juice concentrate from the 1985-86 crop. Harvesting in May or June.

Brazil produced 700,000 tonnes of orange juice in the 1984-85 season and most of it was exported to the U.S. and Europe, Mr Krauss said.

● A third of Spain's citrus exports for the season are estimated to have been lost in the recent freeze, the most severe the country has suffered since 1956, a correspondent writes.

Spain had expected to export 2.15m tonnes of the estimated season's harvest of 3.4m tonnes, but it is now feared that 700,000 tonnes may have perished, leaving only 450,000 tonnes available for export.

With damage widespread throughout the Mediterranean citrus producing areas, prices are set to rise steeply. Israel is almost alone in having escaped the freeze.

Florida seeks explanations for exceptional severity of recent winters

Since 1977 the eastern U.S. has experienced a string of exceptionally hard winters, a special correspondent writes.

The effect of this cold weather is reflected in the acreage of citrus groves in Florida. During the first half of this century their area expanded steadily, reaching a peak of nearly 950,000 acres in 1970. Since then, however, it has contracted to just over 760,000 acres.

Pressures from real estate developers are partly responsible for the decline, but much of the loss results from the recent run of severe winters. Many are now asking whether the weather has changed permanently.

Damaging cold waves affect much of Florida every four or five years on average, but were less frequent between 1920 and 1960. Winters as severe as those of recent years do not seem to have occurred since Spanish explorers planted the first orange trees 400 years ago.

The extremes of temperature in winer depend on the precise course taken by the Arctic air. This comes from northern Canada, warming only slowly as it spreads southwards, and is steered by the wind patterns in the upper atmosphere. Small changes in the course of these winds can made appreciable differences to how far south the cold spell extends.

There is insufficient evidence to link the spate of harsh winters with any trend in the global climate. If anything, the climate has warmed slightly in recent years and so the cold winters could only be explained if this change led to increasing variability — a complex process which is not yet fully understood.

The Florida orange growers may be suffering as much from expanding northwards during the milder period from 1920 to 1960 as from the recent cold winters. There is, however, no guide as to whether the winters will continue their present trend or return to the more balmy conditions of the early part of this century.

Zinc price boosted by refinery strike

CONFIRMATION that workers at Peru's biggest zinc refinery had gone on strike boosted the metal's price on the London Metal Exchange yesterday to a 10½-year high.

Values eased in the afternoon but the cash quotation still ended the "official" afternoon ring £6.50 up on the day at £737 a tonne.

The 800-man work force at the Peruvian state-owned Cajarmaquilla refinery began their strike, over a pay dispute, yesterday morning. Last year the refinery produced 83,663 tonnes of refined zinc, about 60 per cent of the country's total output.

Anticipation of the strike, which has been declared illegal by Peru's Labour Ministry, has been buoying LME zinc prices for a week or so.

The LME lead price was also firm with the cash position ending £7 up at £374 a tonne. Dealers saw this as a late reaction to the recent strength of other metals, particularly copper.

The cash high grade copper price ended unchanged after late profit taking erased early gains.

● The following strategic metals prices were supplied by Metal Bulletin yesterday:

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,825-2,950.

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 6.35-6.50.

CADIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots, 1.10-1.15, sticks 1.18-1.23.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 11.20-11.30.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse, 296-306.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.85-2.95.

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 8.80-9.30.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO_3, cif, 66-70.

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per lb V_2O_5, cif, 2.30-2.35.

U.S. farmers protest in face of rising rate of foreclosures

BY NANCY DUNNE IN WASHINGTON AND JOHN EDWARDS IN CHICAGO

THE U.S. farm belt is erupting in angry but non-violent protest as thousands of farmers face foreclosure this year.

About 100 demonstrators, members of the activist American Agricultural Movement, were expected to picket in the bitter cold yesterday outside the Chicago Mercantile Exchange to complain about low grain prices.

Several protestors were arrested for trespassing the day before outside the Chicago Board of Trade where they called on exchange officials to outlaw speculative selling.

Demonstrators carried signs saying "Sell our bushels, not paper and ink," and "No gambling with paper." One Kansas farmer said: "I don't believe they should sell my livelihood when they can't deliver the goods."

On Monday Mr Tom Cunningham, chairman of the Chicago Board of Trade, issued a statement saying that he sympathised with the farmers but that they would have more success by taking their case to Washington. Meanwhile floor traders bypassed the pickets blocking the board of trade's front door and entered the exchange building through a back door.

The Chicago protests were the latest in a series staged by desperate farmers.

In Minnesota, dozens of schools and businesses closed on Monday as more than 10,000 demonstrators went by buses to a rally in St Paul, the state capital. They demanded state and federal government moratoriums on farm, home and business foreclosures "until such time that agricultural commodities are raised to a level to sustain farming and business operations, at no expense to the government or the taxpayer."

According to Minnesota officials, as many as 13,000 state farmers could face foreclosure during the next two years. Mr Rudy Perpick, the governor, who attended the rally, told the protestors: "I want you to understand that this is the most severe crisis in our nation's history since the great depression."

In other parts of the country, farmers are being joined in protest by members of labour unions—many of them former farmers—clergy and politicians. Some of the protests are noisy tries at disrupting auctions of bankrupt farms. Others are quiet vigils.

In Iowa last week, about 300 demonstrators stood in silent protest as Mr Terry Branstad, the state governor, delivered his "state of the state" address. The demonstrators wanted the governor to declare a state of emergency which would enable farmers threatened by bankruptcy to seek one year moratoriums in court.

Coconut trade body to be dissolved

BY EMILIA TAGAZA IN MANILA

UNITED Coconut Oil Mills (Unicom), which until last week had monopoly over the Philippines' coconut trading, is to be dissolved following the return of the industry to free trading.

President Ferdinand Marcos last week issued a decree allowing private millers to sell their coconut products directly to the world market and banning all government agencies from engaging in coconut trading.

Mr Eduardo Cojuangco, president of Unicom, said Unicom's board had approved its dissolution. "This will give Unicom's critics the opportunity to try alternative trading systems." Private planters have complained that Unicom has been "short-changing" them on their coconut exports.

Unicom was formed in 1979 when the overcapacity of oil mills resulted in heavy price cutting among exporters. Under a decree issued by Mr Marcos at that time, millers were forced to sell their plants to Unicom.

The largest milling capacity will now be owned by San Miguel, the Philippines' largest publicly quoted company, which is headed by Mr Cojuangco. Last year San Miguel diversified into coconuts by buying two of the country's largest oil mills and leasing a third from Unicom.

Mr Marcos has already broken the control over sugar trading held by the National Sugar Trading Corporation (Nasutra), the trading arm of the Philippine Sugar Commission, which is the government regulatory agency. While coconut exports have been returned to private traders, however, sugar exports effectively remain with Nasutra.

● The target for Sri Lankan coconut production this year has ben set at 2.5bn nuts against 1.82bn last year, the state-owned Coconut Development Authority said. The expected increase is attributed to favourable weather last year, Reuter reports.

Dessicated coconut exports last year totalled 30,000 tonnes, down from 42,000 tonnes the previous year, and copra exports totalled 2,440 tonnes against 3,700 tonnes in 1983.

Some 7,000 tonnes of coconut oil was exported last year against 32,000 tonnes the year before.

Maize estimates changed

JOHANNESBURG — The South African 1985-86 maize crop estimate has been raised to about 6m tonnes after a week of widespread rains and mild temperatures, the National Association of Maize Producers said.

The forecast compares with 4.44m in 1984-85, the second year in succession that the crop has been hit by drought.

Estimates were cut to about 5m tonnes after little rain and extremely high temperatures, but the slide was stopped last week by rains which brought relief to maize areas.

Mr Piet Gouws, the association's general manager, said the rain fell on about 85 per cent of the producing area and temperatures had dropped significantly. The drought had only been broken in some parts of the country, however.

It was difficult to give firm indications on crop prospects as conditions were unprecedented, but it did not look as if South Africa would have to import maize and this year would be a better year agriculturally than the last one, he said.

● Brazil could need additional imports of maize beyond the 200,000 tonnes already authorised for this year because the 1984/85 crop is likely to be lower than initially expected, the Safras e Mercado newsletter said.

The newsletter said it was lowering its crop estimate to between 19.5m and 20.5m tonnes from the 20.3m to 21.5m forecast earlier in the season and from last year's 21.2m tonnes.

Reuter

Norway fish catch falls

BY FAY GJESTER IN OSLO

NORWAY'S fishing catch fell last year to 2.5m tonnes from 2.9m tonnes in 1983, mainly because of a steep reduction in the catch quota for capelin.

A fisheries directorate publication says the first-hand value of the catch will probably prove to have been about 1 per cent higher than in 1983 in spite of the volume decline.

In value, herring accounted for about a third of the total catch, cod for just under half, shellfish for 17 per cent and other varieties for about 3 per cent.

Meanwhile, Norway, Sweden and the EEC have reached agreement on 1985 catching quotas for the skagerrak.

Norway is being allowed to take 15,000 tonnes of herring plus an extra quota of 2,000 tonnes as compensation for over-fishing in previous years by Swedish and EEC fishermen.

The total—17,000 tonnes—is more than twice what Norway has been allocated annually during the past few years.

Sweden and the EEC may catch 50,000 tonnes of herring each. Their quotas for brisling have been fixed at 15,500 and 38,150 tonnes respectively.

LONDON MARKETS

REPORTS OF low-priced sales on the world market depressed sugar future market values yesterday afternnoo after the market had opened with quite a firm tone. The May position ended $3.80 down at $127.30 a tonne, wiping out most of Monday's rally, which had been encouraged by the Florida frosts.

Cocoa prices moved lower after touching 7½-year highs during the day.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 22 1985	+ or −	Month ago
METALS			
Aluminium	£1100	....	£1100
Free Mkt	$1175/1205	−5	$1190/1210
Copper			
Cash h Grade	£1246.5	+6	£1135.25
3 mths	£1249.50	+.25	£1146.75
Gold troy oz	$305.75	+1.75	$310.875
Lead Cash	£374	+7	£399.5
3 mths	£348.75	+8.5	£334.75
Nickel	£5816	....	£5967
Free Mkt	227/257c	+2	218/248c
Palladium oz	$125.25	+3.5	$130.00
Platinum oz	$273.25	−0.25	$292.75
Quicksilver†	$295/305		$300/310
Silver troy oz	554.80p	+3.95	547.85p
3 mths	570.30p	+3.80	559.85p
Tin cash	£9740	+62.5	£9947.5
3 mths	£9697.5	+34.5	£9907.5
Tungsten	$83.88	+1.83	$83.51
Wolfram 22.04lb	$64/68	....	$74/76
Zinc	£737	+6.5	£681
3 mths	£733.25	+6.75	£681.5
Producers	$900	....	$900

	Jan. 22 1985	+ or −	Month ago
OILS			
Coconut (Phil)	$865y	−15	$940
Palm Malayan	$580z	+5	$580
Seeds			
Copra Phil	$540u	....	$569
Soyabean (U.S.)	$255	−0.75	$246.5
GRAINS			
Barley Fut. Mar	£114.20	−0.15	£113.45
Maize	£148.50	....	£146.50
Wheat Fut. Mar	£113.35	....	£113.20
No2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. May	£2079.5	+22.5	£185
Coffee Ft. Mar.	£2392.5	+14	£226
Cotton A index	71.15c	+0.10	72.00
Gas Oil Feb.	$224.25	−6	$322
Rubber (kilo)	64p	....	65p
Sugar (raw)	$109.5yw	+4.5	$98
Woolt'ps 64s	514p kilo	+2	487p kilo

‡ Unquoted. z Feb. w Mar. u Feb-Mar. y Jan-Feb. v Mar-April. † Per 75-lb flask. nz Nominal. c Cents per pound.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1250-.5	+2.0	1246-7	—
3 months	1253-.5	+4.5	1249-50	+0.25
Settlem't	1250.5	+2.0	—	—
Cathodes				
Cash	1242-4	+13.5	1230-1	+5.5
3 months	1249-50	+9.5	1239-40	+4.0
Settlem't	1244	+14.0	—	—

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,253, 53.5, cash £1,250, 50.5, three months £1,254, 53, 53.5. Kerb Higher Grade: Three months £1,253, 53.5, 54, 54.5. Afternoon: Higher Grade, three months £1,253, 52, 51, 51.5, 51, 50.5, 50. Cathodes: Cash £1,232, 33, 30, three months £1,240. Kerb: Three months £1,249, 48, 47, 46, 45, 44, 45, 45.5, 45, 44.

Turnover: 34,050 tonnes. U.S. Producers: 64.00-69.00 cents per pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9765-70	−7.5	9735-45	+57.5
3 months	9720-30	−50.0	9710-30	+52.5
Settlem't	9770	−10.0	—	—
Standard				
Cash	9765-70	−7.5	9735-45	+82.5
3 months	9709-11	−47.5	9695-700	+34.0
Settlem't	9770	−10.0	—	—
Straits E.	$29.15	—	—	—

Tin—Morning: Standard, three months £9,700, 05, 9,700, cash £9,760, 65, 70, three months £9,700. High Grade: Cash £9,760. Kerb: Standard, three months £9,710, 15, 20. Afternoon: Standard, three months £9,720, 10, 05, 9,700. Kerb: Three months £9,690, 70, 60, 55, 50.

Turnover: 1,810 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	369-90	+18.0	373-5	+7.0
3 months	342.5-3	+8.25	348.5-9	+9.5
Settlem't	370	−2.0	—	—

Lead—Morning: Three months £342, 43, 44, cash £370, three months £343, 42.5, 43. Kerb: Three months £343, 44, 44.5. Afternoon: Cash £370, three months £346, 47, 48, 49, cash £375, three months £350, 49.5, 49, 49.5, 50, 49.5, 49, 48, 48.5. Kerb: Three months £347, 48, 49, 50, 51, 51.5, 52, 51.

Turnover: 32,200 tonnes. U.S. Spot: 18.00-26.00 cents per pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	737-.5	+9.0	736-8	+6.5
3 months	732-3	+9.0	733-.5	+8.75
Settlem't	737.5	+9.0	—	—

Zinc—High Grade Official/Unofficial prices: Cash am £780-784, pm £778-782, three months am £768-770, pm £768-770. Settlement £784.

Zinc—Morning: Standard, three months £732, 32.5, cash £737, 37.5, three months £733. High Grade: Three months £765, 67, 68. Kerb: Standard, three months £733, 34, 34.5, 34. Afternoon: Three months £735, 34, 35, 33. Kerb: Three months £733, 32, 30, 29, 30, 31, 32.

Turnover: 19,525 tonnes. U.S. Prime Western: 43.00-45.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	995.5-6.5	−5.25	989-90	−8.5
3 months	1034.5-5	−4.75	1018-9	−8.75

Aluminium—Morning: Three months £1,129, 28.5, 28, cash £996, three months £1,026, 25, 24, 23, 24, 25, 25.5, 25. Kerb: Three months £1,025, 24. Afternoon: Three months £1,015, 16, 15, 14.5, 15, 16, 14, 17, 18, 19. Kerb: Three months £1,018, 19, 20, 21, 22, 21, 20, 19, 18, 17.

Turnover: 38,875 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	4490-500	−47.5	4495-05	+65.0
3 months	4470-5	−15.0	4465-5	+25.0

Nickel—Morning: Three months £4,460, 70, cash £4,490, three months £4,465, 70. Kerb: Three months £4,470, 75. Afternoon: Three months £4,475, 60, cash £4,415, 16, three months £4,460. Kerb: Three months £4,470, 75.

Turnover: 1,824 tonnes.

GOLD

Gold fell $1¼ an ounce from Monday's close in the London bullion market yesterday to finish at $305½-306. The metal opened at $306¾-307¼ and traded between a high of $307½-308 and a low of $305¼-305¾.

LONDON FUTURES

Month	Yest'days close	+ or −	Business Done
	$ per troy ounce		
Jan.	—	—	—
Feb.	307.60-07.80	−1.10	308.20-07.60
April	310.90-12.00	—	312.50-11.00

Turnover: 781 lots of 100 troy ounces.

GOLD BULLION (fine ounce) Jan. 21		
Close	$305½-306	(£271¾-272¼)
Opening	$306¾-307¼	(£273¾-274¼)
M'n'g fix.	$306.85	(£272.272)
Aft'n'n fix.	$306.90	(£272.800)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$31[illegible]-315¼	(£280-280¾)
½ Krug.	$160½-161¼	(£142¾-143½)
¼ Krug.	$82¾-83½	(£73½-74½)
1/10 Krug.	$33¾-34½	(£30-30¾)
Mapleleaf	$315-315¾	(£280-280¾)
New Sov.	$72-72¾	(£64-64¾)
½New Sov.	$43¾-44½	(£39-39¾)
Old Sov.	$72½-74	(£64½-66)
$20 Eagle	$460-490	(£409-435¾)
Noble Plat	$281-284¼	(£249¾-252¾)

SILVER

Silver was fixed 3.95p an ounce higher for spot delivery in the London bullion market yesterday at 554.8p. U.S. cent equivalents of the fixing levels were: spot 625c, up 4.45c; three-month 637.25c, up 4.45c; six-month 651.25c, up 4.55c; and 12-month 682.7c, up 5. The metal opened at 556-559p (623-626c) and closed at 551½-554½p (620-623c).

SILVER per troy	Bullion fixing price	+ or −	L.M.E p.m. Unoffic'l	+ or −
Spot	554.80p	+6.75	553.5p	−2.5
3 months	570.30p	+6.60	569.5p	−3.25
6 months	585.25p	+7.25	—	—
12 months	616.50p	+7.15	—	—

LME—(2,000 oz contract): Cash 553.5p (556p); three months 568.5p (572.75p). Turnover: 0 (0).

Turnover: 80 (23) lots of 10,000 oz. Morning: Large second ring three months 572.5, 72, 71, 71.5. Kerb: Large three months 571. Afternoon: Large first ring three months 570.5, second ring three months 569.5, 69.8. Kerb: Large three months 567, 66, 65.

COCOA

After gaining almost £20, futures lost ground and closed at the lows. Sales: 5,677 (3,253) lots of 10 tonnes.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	2073-2075	−12.5	2105-2071
May	2079-2080	−28.5	2115-2079
July	2067-2071	−23.5	2092-2072
Sept	2066-2068	−20.0	2090-2068
Dec	1981-1985	−19.0	2000-1982
Mar	1975-1980	−16.5	1985
May	1965-1980	−16.5	1998

ICCO indicator prices (U.S. cents per pound). Daily price for January 22: 101.84 (103.20); five-day average for January 23: 101.65 (101.52).

COFFEE

During a quiet morning prices remained steady around unchanged levels in light volume, reports Drexel Burnham Lambert. Activity picked up slightly as a firm New York market and lower sterling influenced commission house buying but the rise of £10-15 attracted profit-taking and trade resistance towards the close.

COFFEE	Yesterd'ys Close	+ or −	Business Done
January	2363-65	+5.0	2366-50
March	2392-93	+14.0	2394-77
May	2387-89	+12.0	2389-71
July	2397-98	+15.0	2395-73
Sept	2400-02	+20.0	2400-77
Nov.	2400-05	+17.5	2400-65
Jan	2397-98	+12.0	2397-65

Sales: 2,479 (1,797) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for January 21: Comp daily 1979 137.14 (136.77). 15-day average 134.48 (134.28).

INDICES

FINANCIAL TIMES

Jan. 21	Jan. 18	M'th ago	Year ago
298.98	298.24	—	295.71

(Base: July 1 1952 = 100)

REUTERS

Jan. 22	Jan. 21	M'th ago	Year ago
2003.4	1992.7	1909.5	1998.9

(Base: September 18 1931 = 100)

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
965.9	966.4	—	140.42

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	132.85	—	140.42
Fut.	124.33	123.68	—	143.53

(Base: December 31 1974 = 100)

GRAINS

The markets remained very quiet, easing on profit-taking and lack of physical demand before regaining the losses late in the day, reports Muirpace.

Business done—Wheat: Jan 11.40 only, March 113.35-113.10, May 117.00-116.80, July untraded, Sept 98.90 only, Nov 102.20 only. Sales: 76 lots of 100 tonnes. Barley: Jan 112.75-112.30, March 114.25-114.00, May 116.60 only, Sept 98.60 only, Nov untraded. Sales: 48 lots of 100 tonnes.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yesterd's close	+ or −
Jan.	111.40	+0.25	112.50	−0.35
Mar.	113.35	—	114.20	−0.15
May	117.00	—	116.70	−0.25
July	118.80	−0.10	—	—
Sept.	98.95	+0.05	98.80	+0.10
Nov.	102.25	+0.05	102.10	+0.10

LONDON GRAINS—Wheat: US dark northern spring no 1 14 per cent Feb 175.42, Mar 177.20, Apr/May 164.15 seller transhipment east coast. US no 2 soft red winter Feb 161.50, Mar 161.25, Apr 161.25 sellers. English feed fob Jan 114, Feb 115, Mar 116, Apr 118, Apr/July 119, Sept 100, Oct 103, Nov 104.75, Oct/Dec 105 seller east coast. MAIZE: US no 3 yellow/French Jan 148.50 quoted trans-shipment east coast. Barley: English feed fob Jan 117, Feb 119, Mar 120, Apr/Sept 120.50, Aug 100 sellers east coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed Barley: S. East 110.90, W. Mids 110.60, N. West 109.50. The UK monetary coefficient for the week beginning Monday, January 28 (based on HGCA calculations using 5 days' exchange rates) is expected to remain unchanged.

PIGMEAT

Prices closed slightly steadier on short-covering and some light fresh buying in limited volume, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Feb	111.60	110.60	111.60
April	108.10	107.40	108.10-107.00
June	105.90	105.20	106.00-105.50
Aug	103.30	102.40	—
Oct	109.50	108.90	108.50-108.50
Nov	110.10	109.60	109.50-109.00

Sales: 127 (37) lots of 50 carcases, 3,250 kg.

POTATOES

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Feb	47.30	46.50	48.00-47.00
April	55.50	54.90	55.70-55.00
May	58.60	58.20	58.60-58.00
Nov	67.30	70.10	70.00
Feb	78.00	79.80	78.00

Sales: 149 (451) lots of 40 tonnes.

OIL

European refiner demand for crudes for arrival by mid-February kept prompt North Sea crudes stable at around $27.50 a barrel but later cargoes weakened. Nymex WTI opened 13c down and fell a further 30c during morning trading. In the petroleum products market gas oil prices fell heavily as earlier fears of underlying market weakness resurfaced due to a combination of warmer European weather and soft futures. Heavy fuel oil was quiet with prices slightly weaker in NW Europe and stable in the Mediterranean—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.80-27.85	−0.075
Arab Heavy	26.60-26.80	−0.05
Dubai	27.30-27.40	—
Brent Blend	26.90-27.00	−0.225
W.T.I. (1pm est)	25.50-25.55	−0.40
Forcados (Nigeria)	27.30-27.55	−0.10
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	229-231	—
Gas Oil	229-231	−9
Heavy fuel oil	183-187	−1

GAS OIL FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Jan	232.00	−4.50	234.50-32.00
Feb	224.25	−6.00	229.00-24.00
March	217.75	−6.00	221.00-17.75
April	211.50	−4.00	214.00-11.25
May	208.50	−3.25	210.50-08.00
June	210.25	−1.75	215.50-08.00
July	210.60	−2.50	210.50-08.00

Turnover, 3,505 (2,700) lots of 100 tonnes.

RUBBER

PHYSICALS—The London market opened about unchanged, attracted no interest throughout the day and closed idle, reports Lewis and Peat. Closing prices (buyers): Spot 64.00p (same); Feb 74.00p (same); March 74.50p (same). The Kuala Lumpur Jan fob price for RSS No 1 191.5 (192.0) and for SMR 20 was 182.5 (same).

SOYABEAN MEAL

The market opened 60p to £1 lower in active trading conditions, reports T. G. Roddick. Prices eroded further during the afternoon due to commission house selling pressure.

	Yesterday close	+ or −	Business Done
	£ per tonne		
Feb	151.8-152.8	−0.70	152.5
April	150.7-150.9	−1.25	151.5-151.0
June	148.6-148.8	−1.45	149.5-148.7
August	148.1-148.2	−1.60	149.2-148.8
October	150.2-150.5	−1.65	151.0
Dec	151.8-152.3	−0.95	152.5
Feb	152.0-154.5	−1.00	—

Sales: 302 (88) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $109.50 (£97.00), up $4.50 (up £3.50) a tonne for Jan-Feb-March delivery. White sugar $146.00, up $4.00.

Heavy trade buying brought initial gains of up to $3. Subsequent heavy arbitrage selling completely reversed the trend, reports C. Czarnikow.

No.6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	119.8-120.0	124.0-124.2	124.0-119.4
May	127.2-127.4	131.0-130.2	131.6-126.8
Aug	137.4-137.8	141.8-141.8	141.8-136.6
Oct	145.2-145.8	149.0-149.2	149.4-144.6
Dec	151.0-152.0	154.8-156.4	—
Mar	166.0-167.0	170.0-171.2	168.1-166.4
May	172.6-174.0	174.0-176.0	174.6-171.6

Sales: 3,434 (1,853) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £205.00 (£202.50) a tonne for export.

U.S. MARKETS

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Jan	50.20	—	—	50.65
Feb	50.35	—	—	50.80
March	50.75	51.20	50.50	51.20
May	51.50	51.70	51.25	51.95
July	52.25	52.30	52.10	52.70
Sept	53.00	53.35	53.35	53.45
Dec	54.15	—	—	54.60
Jan	54.50	—	—	54.95
March	55.30	—	—	55.75
May	56.10	—	—	56.55

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2174	2215	2167	2219
May	2194	2225	2183	2234
July	2180	2208	2171	2221
Sept	2157	2188	2155	2199
Dec	2098	2106	2090	2127
March	2100	2105	2095	2127
May	2100	—	—	2127

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	149.71	50.20	47.80	48.36
May	146.07	46.30	44.20	44.58
July	143.14	43.40	41.90	42.18
Sept	141.11	41.20	40.00	40.13
Dec	139.50	39.50	38.50	38.50
March	138.40	38.50	37.30	37.50
May	137.03	37.50	37.00	36.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Jan	60.65	61.45	61.45	61.25
Feb	60.70	—	—	61.35
March	61.05	61.90	60.75	61.70
May	61.30	62.10	61.10	62.00
July	61.50	62.30	61.40	62.20
Sept	61.70	62.45	61.70	62.40
Dec	62.00	62.75	62.05	62.75
Jan	62.10	—	—	62.85
March	62.40	63.15	62.65	63.15
May	62.65	63.60	63.00	63.40

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	65.85	66.15	65.85	66.04
May	66.87	67.07	66.85	67.07
July	67.80	67.95	67.75	67.96
Oct	67.41	—	—	67.40
Dec	67.50	67.50	67.42	67.45
March	68.70	—	—	68.65
May	69.50	—	—	69.50
July	70.00	—	—	69.90

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
March	25.51	25.88	25.42	25.97
April	25.35	25.65	25.22	25.76
May	25.18	25.47	25.05	25.62
June	25.02	25.21	24.97	25.58
July	24.95	25.30	24.89	25.52
August	24.93	24.93	24.93	25.50
Sept	25.45	—	—	25.50
Oct	25.45	—	—	25.50
Nov	25.39	—	—	25.50
Dec	25.00	25.04	25.00	25.50

SPOT PRICES—Chicago loose lard 24.50 (same) cents per pound. New York tin 496.0-508.0 (495.0-508.0) cents per pound. Handy and Harman silver bullion 618.0 (627.5) cents per troy ounce.

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	303.5	307.0	307.0	307.9
Feb	303.9	308.4	303.0	308.4
March	305.7	310.1	310.0	310.3
April	307.6	312.2	306.5	312.2
June	311.9	318.5	311.0	318.6
August	316.3	319.0	316.0	321.1
Oct	320.9	324.8	324.0	325.8
Dec	325.9	331.0	325.8	331.0
Feb	331.1	331.6	331.6	336.3
April	336.4	340.0	340.0	341.7
June	342.1	346.5	346.5	347.5
August	348.1	—	—	353.6
Oct	354.3	—	—	359.9

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Latest	High	Low	Prev
Feb	76.40	79.70	75.30	80.32
March	71.39	72.60	71.39	73.39
April	67.00	67.75	66.50	68.20
May	65.80	66.45	65.25	66.70
June	65.50	65.25	65.20	66.10

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	174.55	74.55	74.55	69.55
May	175.25	75.25	75.25	70.25
Sept	173.50	—	—	68.50
Nov	171.50	—	—	66.0
Jan	171.50	—	—	66.50
March	171.50	—	—	66.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Jan	267.3	277.0	269.0	276.9
March	215.0	—	—	—
April	271.0	280.5	270.0	280.8
July	275.2	284.5	276.0	285.4
Oct	280.5	281.0	281.0	290.9
Jan	286.5	296.0	291.3	297.1

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Jan	610.9	610.0	610.0	628.3
Feb	611.25	—	—	629.0
March	615.5	634.0	613.0	633.5
May	623.9	642.0	621.0	642.3
July	632.8	651.5	631.5	651.5
Sept	642.6	661.0	644.5	661.5
Dec	658.2	678.0	657.0	677.7
Jan	663.6	682.0	682.0	683.3
March	674.3	693.5	693.5	694.4
May	686.0	704.1	704.0	706.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	4.12	4.38	4.11	4.34
May	4.50	4.76	4.48	4.74
July	4.88	5.14	4.85	5.10
Sept	5.15	5.36	5.11	5.39
Oct	5.33	5.58	5.27	5.54
Jan	5.79	6.08	6.08	6.00
March	6.28	6.51	6.22	6.46
May	6.55	6.88	6.55	6.63

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.57	65.10	64.55	65.27
April	66.75	67.15	66.65	67.40
June	67.20	67.50	67.15	67.65
August	65.07	65.40	65.02	65.52
Oct	63.52	63.80	63.50	63.77
Dec	64.97	65.00	64.80	65.07

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	51.30	51.45	50.90	51.10
April	48.30	48.47	47.70	48.02
June	53.67	53.75	53.05	53.35
July	54.27	54.35	53.70	53.97
August	53.07	53.20	52.80	52.90
Oct	49.10	49.15	48.85	48.75
Dec	49.30	49.30	48.95	49.12
Feb	48.80	48.90	48.60	49.00
April	46.45	46.45	46.45	46.45

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
March	271.0	273.6	271.8	273.6
May	277.2	279.6	277.0	280.0
July	279.6	282.4	279.4	282.6
Sept	274.0	276.4	274.0	276.8
Dec	269.4	270.2	268.4	270.4
March	279.4	280.2	278.4	280.4
May	284.6	286.4	284.4	287.2

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	69.15	70.30	68.50	70.17
March	69.60	70.80	69.05	70.55
May	71.17	72.45	70.75	71.92
July	71.97	73.07	71.80	72.87
August	70.60	—	—	71.32
Feb	64.77	—	—	65.02
March	65.02	—	—	64.60

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Jan	592.6	598.0	591.4	598.6
March	598.4	608.0	594.4	608.6
May	607.4	621.0	605.6	620.2
July	616.6	629.0	615.0	629.8
August	617.0	629.0	617.0	630.0
Sept	611.0	621.4	611.0	622.4
Nov	613.2	622.4	612.4	624.0
Jan	626.0	636.0	626.0	637.4
March	640.0	650.0	640.0	651.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Jan	140.7	142.0	140.5	142.0
March	143.7	148.0	143.4	146.2
May	149.0	151.5	148.6	151.7
July	153.9	156.5	153.5	154.9
August	156.2	158.5	155.5	159.1
Sept	157.5	159.5	157.5	159.8
Oct	158.1	160.1	158.1	159.5
Dec	164.0	166.0	164.0	166.7

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Jan	27.36	27.90	27.30	28.05
March	28.19	28.86	28.10	28.86
May	25.78	28.36	25.63	26.42
July	25.43	25.90	25.25	25.90
August	25.20	25.55	25.15	25.55
Sept.	25.00	25.35	24.90	25.30
Oct	24.25	24.75	24.25	24.85
Dec	24.02	24.30	24.00	24.30

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	349.4	351.4	347.2	349.0
May	342.6	345.6	341.0	347.6
July	333.6	336.0	331.2	332.8
Sept	335.0	337.0	333.2	334.2
Dec	345.0	347.0	346.0	344.4
March	349.0	—	—	348.6

OTHER MARKETS

PARIS

SUGAR (FFr per tonne): March 1371/1375, May 1417/1420, Aug 1493/1505, Oct 1569/1570, Dec 1650/1665, March 1765/1775.

COCOA—(FFr per 100 kg): March 2222/2228, May 2251/2260, July 2240 bid, Sept 2250 bid, Dec 2170 ask, March 2130 bid, May 2130 bid.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. No 2 soft red winter Feb 165, March 164.50, April 164. U.S. No. 2 northern spring 14 per cent protein mid-Jan/mid-Feb 182, Feb 182.50, March 184.50, April/May 169. U.S. northern spring 15 per cent protein April/May 184. U.S. No. 3 hard amber durum April/May 183, June 183, Sept 182. Canadian No 1 western amber durum April/May 193.50.

MAIZE—(U.S. $ per tonne): U.S. No. 3 yellow afloat 138, Jan 137, Feb 137, March 134.75, April/June 135, July/Sept 136 sellers. Argentine Plate: March 131, April 133, April/June 131 sellers.

SOYABEANS—(U.S. $ per tonne): U.S. No. 2 yellow Gulfports afloat 250.50, Feb 249, March 249, April 248.90, May 250.50, June 252, July 253, Aug 254.30, Oct 247, Nov 247 sellers.

SOYAMEAL—(U.S. $ per tonne): 44 per cent afloat 171, Jan 171, Feb 169, March 170, April/Sept 169 sellers. Pellets Brazil: afloat 187.50, Jan 183, Feb 183, March 177, April/June 170, April/Sept 172 sellers. Pellets Argentine: afloat 173, Jan 174, Feb and March 175, May/Oct 169 sellers.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business) New Zealand cents per kg. Jan 518 seller only; March 517, 518, 517; May 525, 526, 526; Aug 545, 546, 546-544; Oct 548, 548, 546-545; Dec 547, 548, 547-546; Jan 548, 550, 547; March 556, 557, 556; May 560, 562, 560. Sales: 32.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 587.0, 588.0, 588.0; May 594.0, 595.0, 594.0; July 602.0, 603.0, 602.0; Oct 584.0, 592.0, untraded; Dec 588.0, 595.0, untraded; March 592.0, 601.0, untraded; May 600.0, 604.0, untraded; July 609.0, 610.0, untraded. Sales: 23.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 97.02p per kg lw (−1.36). GB—Sheep 183.83p per kg est dcw (+8.60). GB—Pigs 79.43p per kg lw (−3.48).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 85.0; English hindquarters 88.0 to 92.0, forequarters 62.0 to 68.0. Veal: Dutch hinds and ends 123.5 to 127.5. Lamb: English small 66.0 to 74.0, medium 64.0 to 70.0, heavy 60.0 to 68.0; Scotch medium 63.0 to 68.0, heavy 59.0 to 62.0; Imported: New Zealand PL (new season) 69.5 to 70.5, PL (old season) 67.5 to 68.0, PX 65.5 to 66.0. Pork: English under 100 lb 53.0 to 69.5, 100-120 lb 54.0 to 69.0, 120-160 lb 44.0 to 62.0.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 58 tonnes. Minor replacements were required but deliveries were not needed until later in the year. Scattered operations were mentioned in Russian types. African growths were supported in numerous directions.

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CURRRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar checked by intervention

The dollar made a muted response to a higher than expected U.S. fourth quarter GNP figure amid concerted central bank intervention yesterday. The West German Bundesbank and the Austrian central bank were known to be active sellers of dollars while unconfirmed reports of intervention in both spot and forward dealings included the Bank of England and several European banks.

This reduced the value of the dollar in early trading and precluded any upward reaction to a 3.9 per cent rise in U.S. GNP after a fourth quarter flash estimate of 2.8 per cent. However the dollar retained a strong undertone with dealers noting comments by Commerce Secretary Malcolm Baldrige that U.S. interest rates could rise unless the U.S. budget deficit is reduced.

The total amount of intervention was difficult to pin point but the idea of concerted action was sufficient to deter any headlong rush into the dollar. Consequently trading developed into a cat and mouse game and even a higher than expected fourth quarter U.S. GNP figure of 3.9 per cent failed to activate increased dollar demand.

The dollar closed at DM 3.1695 down from DM 3.1705, having touched a high of DM 3.1845 early in the day. It was firmer against the yen at Y253.95 from Y253.40 and SwFr 2.67 from SwFr 2.6665 but fell against the French franc to FFr 9.6950 from FFr 9.7075. On Bank of England figures, its trade-weighted index rose to 146.1 to 146.0.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.1110. December average 1.1873. Exchange rate index closed unchanged at 71.3 compared with a six months ago figure of 78.7.

Sterling showed mixed changes in rather unsettled trading. It was marginally firmer against the dollar at $1.1240-1.1250, a rise of just 10 points but eased in terms of the D-mark to DM 3.5625 from DM 3.5650. It was firmer against the yen however at Y285.50 from Y285.00 and SwFr 3.000 from SwFr 2.9975 but eased against the French franc to FFr 10.9025 from FFr 10.9175.

D-MARK—Trading range against the dollar in 1984-85 is 3.1935 to 2.5535. December average 3.1021. Trade weighted index 120.3 against 124.4 six months ago.

The dollar's fixing in Frankfurt of DM 3.1650 was down from DM 3.1680 on Monday and reflected uncertainty in the market over the wisdom of pushing the dollar higher on the prospect of central bank intervention. Although not intervening at the fixing, the Bundesbank sold up to $100m in the open market and the Austrian central bank was also active. There were unconfirmed reports that other European central banks were also dollar sellers.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Jan 22	Previous
8.30 am	71.1	71.4
9.00 am	71.0	71.4
10.00 am	71.1	71.4
11.00 am	71.4	71.4
Noon	71.4	71.4
1.00 pm	71.3	71.3
2.00 pm	71.3	71.3
3.00 pm	71.3	71.3
4.00 pm	71.3	71.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.4966	−0.90	+0.02	±1.5428
Danish Krone	8.14104	7.93731	−2.50	−1.58	±1.6421
German D-Mark	2.24184	2.22322	−0.83	+0.09	±1.1483
French Franc	6.87456	6.80631	−0.99	−0.07	±1.3659
Dutch Guilder	2.52595	2.51231	−0.54	+0.38	±1.5165
Irish Punt	0.72569	7.714756	−1.51	−0.59	±1.6671
Italian Lira	1403.49	1366.59	−2.63	−2.37	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	January 22	Prev. close
£ Spot	$1.1232-1.1259	$1.1243-1217
1 month	0.40-0.36pm	0.40-0.36 pm
3 months	0.95-0.90pm	0.95-0.90 pm
12 months	1.85-1.75pm	1.85-1.75 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Jan 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1150-1.1305	1.1240-1.1250	0.41-0.38c pm	4.21	0.97-0.93 pm	3.38
Canada	1.4778-1.4910	1.4865-1.4895	0.38-0.30c pm	2.74	0.89-0.77 pm	2.23
Nethlnd.	4.01-4.03½	4.02-4.03	2⅞-2¾c pm	8.71	5⅞-5¾ pm	5.71
Belgium	71.08-71.50	71.25-71.35	12-7c pm	1.60	26-18 pm	1.23
Denmark	12.68½-12.74½	12.71-12.72	⅛ore pm-⅛ dis	−0.12	par-1⅛ dis	−0.18
Ireland	1.1422-1.1494	1.1465-1.1465	0.16-0.32p dis	−2.51	0.53-0.82dis	−2.36
W. Ger.	3.55-3.57	3.55¾-3.56¾	2⅛-2pf pm	6.96	5⅛-5⅞ pm	5.89
Portugal	192.14-194.97	193.25-194.85	205-495c dis	−21.65	810-1460dis	−21.33
Spain	196.16-197.73	196.80-197.30	5-20c dis	−0.76	45-70 dis	−1.17
Italy	2,180½-2,195½	2,190½-2,191½	4-7 lire dis	−3.01	14-18 dis	−2.92
Norway	10.28¾-10.33	10.30¾-10.31¾	½ore pm-½ dis	−0.14	½-1½ dis	−0.41
France	10.87-10.94½	10.89½-10.90½	1⅞-1⅛c pm	1.72	3-2⅞ pm	0.94
Sweden	10.17-10.24	10.18-10.19	1⅛-⅛ore pm	0.96	⅞-⅛ pm	0.20
Japan	283½-286½	285-286	1.53-1.44y pm	6.24	3.87-3.74 pm	5.33
Austria	24.90-25.06	24.97-25.03	12½-11½gro pm	5.67	30½-27½ pm	4.66
Switz.	2.98½-3.00½	2.99½-3.00½	1⅞-1⅛c pm	7.25	4⅞-4⅞ pm	6.33

Belgian rate is for convertible francs. Financial franc 71.50-71.60. Six-month forward dollar 1.42-1.37c pm. 12-month 1.85-1.70c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1150-1.1305	1.1240-1.1250	0.41-0.38c pm	4.21	0.97-0.93 pm	3.38
Ireland†	0.9805-0.9830	0.9808-0.9818	0.60-0.55c pm	7.03	1.50-1.40 pm	5.91
Canada	1.3223-1.3243	1.3235-1.3240	0.15-0.18c dis	−1.50	0.36-0.41dis	−1.16
Nethlnd.	3.5700-3.5985	3.5805-3.5815	0.73-0.69c pm	2.38	2.15-2.12 pm	2.38
Belgium	63.40-63.97	63.40-63.50	9-10c dis	−1.80	21-23 dis	−1.39
Denmark	11.29½-11.38¼	11.30¼-11.31¼	2.90-3.40ore dis	−3.34	8-8½ dis	−2.92
W. Ger.	3.1600-3.1845	3.1690-3.1700	0.75-0.70pf pm	2.74	2.05-2.00 pm	2.55
Portugal	172-173	172¼-172¾	250-600c dis	−26.11	700-1450dis	−24.95
Spain	175.00-176.14	175.25-175.35	70-77c dis	−5.03	190-205 dis	−4.50
Italy	1,940½-1,958¾	1,945-1,946	11¼-12 lire dis	−7.24	29¼-30 dis	−6.11
Norway	9.13½-9.21½	9.17-9.17½	3-3½ore dis	−4.26	8½-9¼ dis	−3.93
France	9.68½-9.74½	9.69¼-9.69¾	1.87-1.97c dis	−2.38	5.55-5.85dis	−2.35
Sweden	9.05-9.13¼	9.05¼-9.06¼	2.30-2.80ore dis	−3.38	7.30-7.80dis	−3.33
Japan	253.60-254.45	253.90-254.00	0.47-0.43y pm	2.13	1.33-1.28 pm	2.05
Austria	22.20½-22.35½	22.23-22.26	2.90-2.20gro pm	1.38	7½-5½ pm	1.21
Switz.	2.6625-2.6800	2.6695-2.6705	0.71-0.65c pm	3.06	2.06-1.99 pm	3.03

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.60-63.70.

OTHER CURRENCIES

Jan. 22	£	$		£ Note Rates
Argentina Peso	231.07-231.61	205.67-205.87	Austria	24.85-25.15
Australia Dollar	1.3805-1.3825	1.2290-1.2295	Belgium	71.20-71.90
Brazil Cruzeiro	3,792.35-3,815.45	3,376-3,393	Denmark	12.67-12.77
Finland Markka	7.4410-7.4700	6.6340-6.6360	France	10.85-10.96
Greek Drachma	142.97-146.34	128.00-130.89	Germany	3.55-3.60
HongKong Dollar	8.7570-8.7660	7.7945-7.7975	Italy	2170-2235
Iran Rial	105.80*	94.85*	Japan	282-287
KuwaitDinar(KD)	0.34370-0.34415	0.30588-0.30598	Netherlands	4.00¾-4.04¾
Luxembourg Fr.	71.25-71.35	63.40-63.60	Norway	10.26-10.36
Malaysia Dollar	2.7940-2.7990	2.4870-2.4890	Portugal	189-208
New Zealand Dlr.	2.3890-2.3940	2.1255-2.1275	Spain	193-203¼
Saudi Arab Riyal	4.0250-4.0300	3.5810-3.5880	Sweden	10.17-10.27
Singapore Dollar	2.4660-2.4705	2.1950-2.1970	Switzerland	2.98½-3.01½
Sth African Rand	2.5475-2.5585	2.2700-2.2780	United States	1.11-1.13
S.A.E. Dirham	4.1270-4.1325	3.6720-3.6730	Yugoslavia	276-308

* Selling rate.

CURRENCY MOVEMENTS

Jan. 22	Bank of England Index	Morgan Guarant'y % Changes
Sterling	71.3	−19.2
U.S. dollar	146.1	+38.0
Canadian dollar	91.9	−3.1
Austrian schilling	110.5	+5.5
Belgian franc	88.8	−10.1
Danish Kroner	76.6	−4.8
Deutsche mark	120.3	+6.3
Swiss franc	136.2	+7.4
Guilder	110.1	+3.1
French franc	63.6	−16.3
Lira	46.7	−13.6
Yen	154.4	+10.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 22	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.866251	0.623600
U.S. $	8	0.975399	0.701176
Canadian $	9.72	*	0.927585
Austria Sch	4½	21.7007	15.5801
Belgian Fr	11	61.9281	44.4966
Danish Kr	7	11.0357	7.93731
Dmark	4½	3.09006	2.22322
Guilder	5	3.49290	2.51231
French Fr	9½	9.47503	6.80631
Lira	15½	1899.10	1366.59
Yen	5	247.605	178.134
Norway Kr	8	8.85172	6.42803
Span'h Pta	⅛	170.806	123.021
Swedish K	9	8.87711	6.34950
Swiss Fr	4	2.59827	1.87123
Greek Dr'ch	20½	126.006	90.6410
Irish Punt	12¾	N/A	0.71476

*C$/SDR rate for January 18: 1.29332.

EXCHANGE CROSS RATES

Jan. 22	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.125	3.565	285.5	10.90	3.000	4.025	2191.	1.488	71.30
U.S. Dollar	0.889	1.	3.170	254.0	9.696	2.670	3.581	1946.	1.323	63.45
Deutschem'rk	0.281	0.316	1.	80.14	3.060	0.842	1.130	615.0	0.418	20.01
Japanese Yen 1,000	3.503	3.939	12.48	1000.	38.19	10.51	14.10	7674.	5.212	249.7
French Franc 10	0.917	1.031	3.268	261.9	10.	2.752	3.692	2010.	1.365	65.40
Swiss Franc	0.333	0.375	1.188	95.17	3.634	1.	1.342	730.3	0.496	23.77
Dutch Guilder	0.248	0.279	0.885	70.93	2.709	0.745	1.	544.3	0.370	17.71
Italian Lira 1,000	0.456	0.513	1.626	130.3	4.976	1.369	1.837	1000.	0.679	32.54
Canadian Dollar	0.672	0.756	2.394	191.9	7.327	2.016	2.705	1472	1.	47.92
Belgian Franc 100	1.403	1.577	4.996	400.4	15.29	4.016	5.645	3073.	2.087	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅛-12¼	8 1/16-8 3/16	9⅛-9½	5¾-5⅞	2-2¼	5 5/16-5 7/16	10¼-10⅜	13½-14½	10¼-10¾	10⅝-10⅞	6 1/16-6 3/16	11¾-12¼
7 days' notice	12 5/16-12 7/16	8 1/16-8 3/16	9⅛-9⅜	5¾-5⅞	2-2¼	5¼-5⅜	10¼-10⅜	14¾-15¾	10¼-10¾	10⅝-10⅞	6 1/16-6 3/16	11⅞-12⅜
Month	12 5/16-12 7/16	8⅛-8¼	9⅜-9⅝	5¾-5⅞	5 5/16-5 7/16	5 7/16-5 9/16	10 7/16-10 9/16	14⅞-15⅜	10⅛-11	10⅝-10⅞	6¼-6 5/16	11⅞-12⅜
Three months	11 13/16-12	8 5/16-8 7/16	9⅝-9⅞	5 13/16-5 15/16	5¼-5⅜	5⅝-5¾	10¾-10⅞	14⅞-15⅜	10½-11	10⅝-10⅞	6⅜-6 7/16	11⅞-12⅜
Six months	11 13/16-11 15/16	8 13/16-8 15/16	9 5/16-9¾	5 13/16-6 1/16	5¼-5⅜	5 13/16-5 15/16	11 1/16-11 3/16	14⅝-15	10½-11	10⅝-10⅞	6¼-6 7/16	11⅝-12⅛
One year	11 7/16-11 9/16	9 5/16-9 7/16	10-10 1/16	6 1/16-6 3/16	5 5/16-5 7/16	5⅞-6	11 5/16-11 7/16	15-15½	10¾-11¼	10⅝-10⅞	6¼-6 7/16	11½-12

Asian $ (closing rates in Singapore): Short-term 8 5/16-8 7/16 per cent; seven days 8 5/16-8 7/16 per cent; one month 8 5/16-8 7/16 per cent; three months 8⅝-8¾ per cent; six months 8 13/16-8 15/16 per cent; one year 9¼-9⅜ per cent. Long-term Eurodollars: two years 10⅝-10⅞ per cent; three years 11-11¼ per cent; four years 11¼-11½ per cent; five years 11⅝-11⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

Slightly firmer tone in London

Interest rates had a slightly firmer tone on the London money market yesterday, but trading was generally quiet and calm. Three-month interbank rose to 11 15/16-12 1/16 per cent from 11⅞-12 per cent, while discount houses buying rates for bank bills were 11½-11 11/32 per cent compared with 11½ per cent.

The Bank of England appeared to underhelp the market by about £100m when supplying assistance. This shortage was not within the sphere of the discount houses however, and may be reflected in run down balances within the clearing bank system today. Day-to-day interbank funds rose to 14 per cent at the close.

The Bank of England forecast an early shortage of around £250m, but changed this to £300m in the afternoon. Before lunch the authorities gave help of £80m by buying outright from the market, through £23m local authority bills in band 2 (15-33 days maturity) at 11⅞ per cent; £23m bank bills in band 2 at 11⅞ per cent; and £14m bank bills in band 3 (34-63 days) at 11⅞ per cent.

In the afternoon another £99m bills were purchased outright by way of £10m bank bills in band 1 (up to 14 days) at 11⅞ per cent; £12m bank bills in band 2 at 11⅞ per cent; £14 bank bills in band 3 at 11⅞ per cent; and £63m bank bills in band 4 (64-91 days) at 11⅞ per cent.

Late assistance of about £40m was also provided, bringing total assistance on the day to £199m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills from Friday's tender drained £325m, with Exchequer transactions absorbing another £45m. These were partly offset by a fall in the note circulation adding £90m to liquidity, and bank balances above target by £55m.

In New York the Federal funds overnight rate was slightly easier at 8 5/16 per cent, compared with 8⅞ per cent when the money market last traded on Friday. There was no intervention by the Federal Reserve.

UK clearing banks' base lending rate 12 per cent since January 14.

MONEY RATES

Jan. 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.40-5.50	10⅜	2⅞-3⅛	5 5/16-5⅜	6.21875	15⅝-16	6.95	14¾-15
One month	5.70-5.85	10⅜-10½	5 7/16-5 9/16	5 13/16-5 15/16	6.21875	15⅝-16	10⅝-10⅞	14¾-15
Two months	5.65-5.80	10⅜-10½	—	—	—	—	—	14⅝-14⅞
Three months	5.75-5.90	10⅜-10½	5⅜-5⅛	5 13/16-5 15/16	6.34375	15¾-16⅛	10⅝-10⅞	14⅝-14⅞
Six months	5.80-5.95	10 7/16-10 9/16	—	5⅞-6	—	—	10⅝-10⅞	14¼-14½
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Jan. 22 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11¾-14	12-12⅛	12¼-12⅝	11-12¼	—	—	—	—	—
2 days notice	—	—	12	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12⅜	12	12¼-12⅝	12	—	—	—	—	—
One month	12 1/16-12 1/16	12 5/16-12 7/16	12⅛	12⅜	11⅞	11 13/32	11¾	11 11/32	11¾-11 23/32	12 5/16
Two months	12⅛-12	12 1/16-12 3/16	12	12¼	11⅝	11 11/32	11⅝	11 11/32	11⅝	12⅜
Three months	11 15/16-11 13/16	11 15/16-12 1/16	12	12⅛	11⅛	11 23/32	11⅝	11⅛-11 5/32	11 23/32	12 5/16
Six months	11 13/16-11⅝	11½-11 11/16	11¾	—	—	—	—	11	10⅞-10 13/16	11⅝
Nine months	11 13/16-11 11/16	11 11/16-11⅝	—	—	—	—	—	—	—	—
One year	11 15/16 11 11/16	11 11/16-11⅝	11¾	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¼-12⅛	—	12⅛	8.0-8.1	7⅞-8⅛	9 5/16-9¾
Two months	12⅛-12⅛	—	12⅛	8.1-8.3	7 13/16-8 3/16	9 7/16-9¾
Three months	12⅛-12⅛	—	12	8.15-8.25	8-8¼	9 7/16-9¾
Six months	12-11⅝	—	11⅝	8.45-8.55	8¼-8½	9 5/16-9¾
Nine months	11⅞-11½	—	11½	8.8-9.0	—	—
One year	11⅞-11½	—	11½	9.3-9.5	8¾-9	9⅜-9¾
Two years	—	11¾	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11½	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period December 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1 1985. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rates for sums at seven days' notice 9 per cent. Treasury Bills: Average tender rates of discount 11.4022 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11¾ per cent; one-three months 12 per cent; three-six months 11¾ per cent; six-nine months 11¾ per cent; nine-12 months 11¾ per cent. Under £100,000 11 per cent from January 15. Deposits held under Series 8 10 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 22)

3 months U.S. dollars

bid 8 3/8	offer 8 1/2

6 months U.S. dollars

bid 8 3/4	offer 8 7/8

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9-10¼
Fed funds	8 5/16
Fed funds at intervention	—

Treasury Bills

One month	7.60
Two month	7.60
Three month	7.70
Six month	7.92
One year	8.25

Treasury Bonds

Two year	100 3/32
Three year	101 21/32
Four year	100 5/32
Five year	100 23/32
Seven year	102 1/32
10 year	101 23/32
30 year	102 23/32

FINANCIAL FUTURES

Late recovery

Sterling denominated interest rate contracts finished little changed on the London International Financial Futures Exchange yesterday after some fairly volatile movements.

Gilts for March delivery were initially depressed by declines on the cash market in unsteady trading. As sterling fell below $1.12 on the foreign exchanges the March contract fell from an opening level of 104-18 to a low of 104-13, but then rose steadily to a peak of 105-07, before closing at 104-31 compared with 104-26 previously. Underlying sentiment was helped by news that the German Austrian central banks had been involved in concerted action to depress the dollar on the foreign exchanges, and that yesterday's intervention may have involved some action by the Bank of England.

Three-month sterling deposits were influenced by similar factors, with the March contract finishing at 88.71 compared with 88.70, after falling to a low of 88.62 and touching a high of 88.74.

March Eurodollars opened easier at 91.12, despite the bullish mood on Wall Street overnight. But after touching a low of 91.07 the contract recovered on faster than expected growth in the U.S. economy, according to the latest figure on fourth quarter gross national product, coupled with continuing low inflation. After touching a peak of 91.22 the contract closed at 91.20 compared with 91.16 on Monday.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	91.20	91.22	91.07	91.15
June	90.56	90.57	90.42	90.48
Sept	89.97	89.97	89.85	89.91
Dec	89.49	89.49	89.39	89.45
March	89.12	—	—	89.09

Est volume 6,221 (2,157)
Previous day's open int 11,936 (12,233)

THREE-MONTH STERLING £250,000 points of 100%

	Close	High	Low	Prev
March*	88.71	88.74	88.53	88.70
June*	89.05	89.06	88.90	89.06
Sept*	89.20	89.20	89.00	89.15
Dec*	89.22	—	—	89.12
March*	89.14	—	—	89.08

Est volume 1,814 (996)
Previous day's open int 6,409 (6,169)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	104-31	105-07	104-13	104-26
June	104-24	—	—	104-22
Sept	108-03	—	—	108-01
Dec	107-25	—	—	107-23
March	107-15	—	—	107-12

Est volume 5,087 (1,558)
Previous day's open int 5,507 (5,439)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract −2 to 8 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.1200	1.1210	1.1110	1.1205
June	1.1135	1.1135	1.1050	1.1146
Sept	1.1100	1.1125	1.1100	1.1115

Est volume 52 (438)
Previous day's open int 4,057 (3,650)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.3168	0.3173	0.3151	0.3164

Est volume 59 (19)
Previous day's open int 208 (22)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3759	—	—	0.3764

Est volume nil (1)
Previous day's open int 111 (111)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3948	0.3949	0.3948	0.3957

Est volume 1 (nil)
Previous day's open int 115 (115)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	130.75	131.00	128.60	127.80
June	131.00	131.00	129.35	128.20
Sept	131.25	—	—	128.45

Est volume 792 (328)
Previous day's open int 953 (946)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	71-28	72-01	71-10	71-13
June	71-00	—	—	70-17

Est volume 3,038 (285)
Previous day's open int 1,747 (1,754)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	72-01	72-02	71-09	71-11
June	71-04	71-06	70-16	70-15
Sept	70-11	70-12	69-25	69-23
Dec	69-23	69-23	69-04	69-02
March	69-01	69-01	68-18	68-15
June	68-18	68-18	68-02	67-31
Sept	68-02	68-02	67-20	67-17
Dec	—	—	—	67-05
March	—	—	—	66-26
June	—	—	—	66-16

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.11	92.11	91.98	92.04
June	91.64	91.64	91.47	91.54
Sept	91.09	91.10	90.94	91.02
Dec	90.67	90.67	90.54	90.59
March	90.31	90.31	90.25	90.25
June	89.99	89.99	—	89.98
Sept	—	—	—	89.71
Dec	—	—	—	89.46

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.54	91.54	91.40	91.46
June	90.91	90.91	90.78	90.80
Sept	90.27	90.27	90.22	90.23
Dec	89.79	89.79	89.72	89.77

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.20	91.20	91.07	91.12
June	90.55	90.55	90.41	90.45
Sept	89.95	89.95	89.82	89.88
Dec	89.46	89.46	89.39	89.41
March	89.05	89.05	89.01	89.02
June	88.71	88.71	88.67	88.68
Sept	88.40	88.40	—	88.38

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.1185	1.1210	1.1165	1.1196
June	1.1120	1.1155	1.1110	1.1135
Sept	1.1100	1.1120	1.1085	1.1110
Dec	1.1090	1.1115	1.1090	1.1100

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-24	69-28	69-15	69-15
June	69-00	69-01	68-28	68-22
Sept	—	—	—	68-02
Dec	—	—	—	67-16
June	—	—	—	66-17
Sept	—	—	—	66-05

Art Collecting

Company Notices

WEST RAND CONSOLIDATED MINES LIMITED

(Incorporated in the Republic of South Africa)

COUPON No. 106
(DIVIDEND No. 106)

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after 1st February 1985 be paid 19.45356p per share, viz. 22.88654p the amount declared per share, less 3.43298p being South African non-resident shareholders' tax of 15% against surrender of Coupon No. 106.

Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:

In London at Gencor (U.K.) Limited, 30 Ely Place, London, EC1N 6UA.
In Paris at Credit du Nord, 6 & 8 Boulevard Haussmann, Paris (9e).
In Basle at Swiss Bank Corporation.
In Zurich at Credit Suisse.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

	Pence
Amount of dividend after deduction of South African non-resident shareholders' tax of 15%	19.45356
Less: United Kingdom Income Tax of 15% on the Gross Amount of the dividend of 22.88654p	3.43298
	16.02058

Listing forms can be obtained from the office of the London Secretaries.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. BAINES
23rd January 1985

NOTE Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

Lazard Brothers Fund Managers (Channel Islands) Ltd.
P.O. Box 275, 16 Glategny Esplanade,
St. Peter Port, Guernsey. 0481 21367

	Bid	Offered	Ann. grth.
Lazard Curr. Res. Fnd. £	10.10	10.11	10.6
Lazard Curr. Res. Fnd. US$	10.08	10.09	7.8
Lazard Curr. Res. Fnd. Y	3,020	3,030	4.7
Lazard Curr. Res. Fnd. DM	40.16	40.17	4.4
Lazard Curr. Res. Fnd. SF	30.01	30.02	1.1
Lazard Curr. Res. Fnd. FF	101.18	101.19	9.6
Lazard Curr. Res. Fnd. DKr		130	

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 22.

CAPITAL MARKETS

EUROBONDS

Marubeni deal aimed at domestic market

BY MAGGIE URRY IN LONDON

THE EURO-CANADIAN dollar bond market saw its largest ever issue launched, yesterday, for Marubeni the Japanese trading company. The C$200m issue, lead managed by Yamaichi International, had been rumoured for some days.

Terms were finally set at a seven-year life with a 11 per cent coupon and an issue price of 100¼, thought to have been increased from par at the last minute. Altogether six co-leads were brought in, reflecting the complexity of the currency and interest rate swaps, which give Marubeni floating rate U.S. dollars.

The issue is not expected to appeal to Eurobond investors, because of its low coupon. Instead, Japanese institutional investors are expected to be the main buyers of the paper.

As the issue is being made directly from Japan, investors there can view the paper as a domestic issue, so escaping the limit set on foreign investment. "There will not be one bond sold to an investor in Europe," predicted one trader.

The issue was bid just inside its 1⅞ per cent total fees.

Excitement in the Eurosterling market was created by a £40m 19-year issue with a 12 per cent coupon for American Brands, the U.S. consumer products group. Launched by Morgan Grenfell just as market rumours of Bank of England intervention in the foreign exchanges started circulating the issue was rapidly bid up to 99¾, just ¼ point below the issue price. At that level the bonds yield marginally less than UK gilt-edged stock with the same maturity. Fees total 2¼ per cent.

The Eurodollar bond market was also a more cheerful place yesterday. Two fixed rate issues, both for $125m, were launched, and both were sensibly priced.

The first, led by Goldman Sachs, was for Signal Companies, the U.S. aerospace and energy group, which has not made a Eurobond issue before. This has a seven-year life and a 11¾ per cent coupon with a par issue price. The bonds were offered at a discount equal to the 1¼ per cent selling concession.

Similarly a seven-year issue for Credit Agricole, the French farmers' mutual bank, led by Chase Manhattan, met a good reception. The coupon was set at 11½ per cent and issue price at par. Again the bonds were offered at the 1¼ per cent selling concession.

The payment date has been fixed for April 2, which falls in the new year for Japanese investors, when their quota for foreign investment starts again. The date also facilitates the swap into floating rate funds.

The floating rate note market is still nervous of higher margin issues with early call options. Demand has been strong for new issues, allowing Morgan Stanley to increase its issue for Wells Fargo from $150m to $200m. The trading level held up after the increase, at around 99.88.

BHF Bank bond average		
Jan 22		Previous
102.532		102.628
High	1984/85	Low
103.042		98.059

Belgium has been inviting bids for a FRN, expected to be launched soon.

Eurodollar bond prices were ¼ to ½ point firmer yesterday, encouraged by good economic news from the U.S.

The D-Mark bond market is still struggling with an oversupply of new paper. Deutsche Bank launched the scheduled DM 500m issue for the World Bank, adopting the same 10-year maturity and 7¼ per cent coupon as Sweden used on Monday, but dropping the issue price by ½ point to 99½. In December the World Bank issued a 10-year bond with a 7½ per cent coupon.

Even with the lower issue price, there was some resistance to the deal and the bond traded outside the 1⅞ per cent selling concession.

Deutsche Bank also launched a DM 600m issue with equity warrants for a subsidiary of Bayer Leverkusen. The bonds have a 10-year life and 2¾ per cent coupon, while the equity warrants give the right to buy six Bayer shares per DM 1,000 bond, at a price of DM 188. The issue came too late to trade actively, though the initial response was not encouraging.

Another equity issue, this time raising DM 120m, was launched by WestDeutsche Landesbank for Jujo Paper. The issue is guaranteed by Dai-Ichi Kangyo Bank.

The bonds mature in six years and the indicated yield is 3½ per cent. The expected premium for the exercise price on the warrants is 2½ per cent.

D-Mark seasoned foreign bonds were ¼ point lower on average as investors took fright at the weight of new issues in the market.

Swiss franc foreign bonds were little changed on average with trading still quiet.

UBS cut the coupon for the Nakayama Steel Works private placement from 3¾ per cent to 3½ per cent, while Credit Suisse slashed a ¼ point off the coupon for Koa Denko's convertible private placement to 1½ per cent.

Mitsubishi Finance set the issue price for Banca Nazionale dell'Agricoltura's Ecu 50m issue at par. The coupon remains at 10 per cent.

Denmark plans its U.S. commercial paper debut

BY PETER MONTAGNON IN LONDON

DENMARK plans to raise up to $1bn in the U.S. commercial paper market, the first time that a sovereign borrower will have tapped this source of funds directly in its own name.

"We have taken a basic decision that we would like to establish a commercial paper programme and have appointed Merrill Lynch and Morgan Guaranty to act as dealers," said Mr Nils-Erik Sorensen, a senior finance ministry official in Copenhagen.

The actual launch of the programme could still be as long as two months off, Mr Sorensen said, but he added that Denmark had already decided to use it $1bn standby loan facility arranged through Manufacturers Hanover last summer as back-up for the paper.

The U.S. commercial paper market should give Denmark a slightly cheaper source of money than the market for short-term Euronotes, he added. But one of its great attractions is that it will add to Denmark's flexibility in borrowing abroad.

Denmark would be the first sovereign borrower to tap the commercial paper market in its own name, although some countries, such as France, have borrowed in the commercial paper market through the medium of public sector agencies carrying a state guarantee.

Though the maximum amount of the programme would be $1bn Denmark expects to draw only $200m to $300m initially. With the programme in place, it could add to its borrowings quickly if the need arose.

Mr Sorensen said that Denmark also still had to obtain the required A1-P1 rating from the U.S. credit rating agencies Standard & Poor's and Moody's. At present its Eurobonds were rated AA-plus and AA by these agencies respectively, but the fact that this is not the top classification should not upset its commercial paper rating, he said.

Denmark's gross borrowing requirement in 1985 is about $2bn including $1.1bn in repayment of existing loans, $300m in regular debt amortisation and $600m in new money. About $1.2bn of this is already arranged, Mr Sorensen said.

That means there are unlikely to be any further jumbo operations after the commercial paper programme is launched. At the moment Denmark is concentrating on raising fixed-rate funds that can be swapped into floating-rate debt carrying an effective margin of up to 50 basis points (½ percentage point) below the London interbank offered rate (Libor) for Eurodollar deposits.

This money costs much less than a floating rate note and is being used to prepay existing debt carrying a higher cost, typically around ⅛-point over Libor.

OVER-THE-COUNTER

Continued from Page 32

J—J

Stock		Sales (Hnds)	High	Low	Last	Chng
JBRest	24	201	15½	15	15¼	+¼
Jackpot	r	33	4¼	4¼	4¼	+¼
JackLife		1417	35½	33¾	35¼	+1¾
JamWtr		69	20½	19¾	20½	-¼
JeffBsn	1.60	204	33	32½	32½	-¼
JefSmrf	.40a	1598	19½	19	19	-¼
JeffMart		203	8¼	8	8¼	+¼
Jenco	12	4297	17¾	17	17½	+½
Jlfy s		204	9-16	½	9-16	
Jonicbl	I	134	4½	4½	4½	
Jonel A	t	111	4¼	4	4¼	+¼
Jospnsn	50	142	9¼	9¼	9¼	-¼
Juno		452	25	24¾	24¾	+¼
Justin s	301	20	16	15½	15½	-½

L—L

Stock		Sales (Hnds)	High	Low	Last	Chng
LDBrnk		1150	11	10¾	10¾	+¼
LJN		125	7¾	7½	7¾	